

**PUBLIC ACQUISITION OF URBAN LAND
AND ALLOCATION FOR HOUSING AND URBAN DEVELOPMENT
IN IRAN (1979-1988)**

**Thesis Submitted in Partial Fulfilment for the Requirements of
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by
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ABSTRACT

This research aims to examine the effects of the urban land acquisition and allocation programme by the government in Iran on the rate of increase of the prices of urban land and affordability of housing prices for different income groups in the urban areas of the country during the period 1979 to 1988 which was on the basis of the enactment of three Urban Land Laws after the 1979 revolution. The implementation of these laws limited private ownership of vacant urban land in the country to about 1,000 to 1,500 square metres, depending on the size of the city, with the excess land being acquired by the government. In this respect the Urban Land Organisation under the Ministry of Housing and Urban Development was able to acquire 36,000 hectares through confiscation from the excess of private ownership, 8,258 hectares of private land in return for payment of compensation, and a further 41,272 hectares of land which already belonged to the various public organisations was transferred to its authority. Thereby a total of 85,557 hectares was assembled under the authority of the urban land organisation (ULO). As part of the land policy, the ULO then proceeded to allocate some 10,790 hectares or 12.6 percent of the total assembled land to eligible applicants including private households, housing cooperatives and public and private housing developers for housing construction. This was in addition to the 3,313 hectares or 3.9 percent of the total assembled land which was allocated for the purposes urban services and commercial buildings. In any case, while only 12.6 percent of the assembled land was allocated by the ULO it comprised about 32 percent of the number and 34 percent of the area of land plots for new starts of housing construction during the period 1979 to 1988.

The hypothesis of the thesis with regard to the effect of government acquisition and allocation of urban land on the situation of urban land prices and housing in Iran is that between 1979 to 1988 this programme and the resultant activities has on the one hand led to a reduction of the rate of increase of the price of urban land in the market and, on the other, has contributed to the provision of affordable housing units for low and middle income households.

The thesis has tested the first part of its hypothesis by collecting and analyzing the trend of development of urban land prices for a 15 year period between 1974 to 1988. The second part of the hypothesis has been tested by calculating the price of housing on ULO allocated and privately owned land and then comparing them with the effective demand of different income groups in the urban areas of the country. The evidence of the analysis for the first part of the hypothesis shows that during the period 1979 to 1988 the average price of one square metre of privately owned land was about 13 times higher than ULO allocated land. More

importantly, however, is the trend of development of the price of privately owned land between 1974 to 1988 which shows that after the 1979 revolution average prices of privately owned land always kept below the 1976 figure prior to the revolution and from 1985 onwards the actual increase at constant prices was actually negative. Moreover, with the base year of 1974, the index of the average price of privately owned land for the period 1979 to 1988 was between 58.7 and 207.5 which was much lower than the consumer price index which was between 196.3 and 974.1 for the same period. The index of the average price of urban land for 1975 and 1976 prior to the 1979 revolution, however, is 125.3 and 170.5 which is higher than the consumer price index for the same period which was 109.9 and 128.1. Consequently, it can be stated that the evidence from the analysis for the first part of the hypothesis supports its proposition in that the enactment and implementation of the aforementioned urban land policy after the 1979 revolution has led to a reduction of the rate of increase of urban land prices in the market between the period 1979 to 1988.

The result of the analysis for the second part of the hypothesis on the other hand shows that on the basis of the recommended floor area of 75 square metre for housing units built on ULO allocated land, which was recommended by the Ministry of Housing and Urban Development, such units were in the main affordable to all income categories including all those in the low income groups. The units built on privately owned land were in the main only affordable to income groups 8-10 which comprised the high income groups and in 1987 and 1988 even income groups 8-9 of the high income groups were excluded from these units. More importantly, however, the analysis shows that even with bigger floor areas including the actual average floor area of urban housing units for the period 1979 to 1988, which ranged between 132 to 162 square metres during the stated period, the units built on ULO allocated land were still much more affordable to the low and middle income groups than the units built on privately owned land which would still be in the main unaffordable to the low income groups. This difference in affordability also applies to small units 50-75 square metres built on the two different categories of land. The result of the analysis for the second part of the hypothesis, therefore, also supports its proposition in that the enactment and implementation of the aforementioned urban land policy after the 1979 revolution has contributed to the provision of affordable housing units for low and middle income households in the period 1979 to 1988.

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LIST OF ABBREVIATIONS

AUULOL = Abolition of Undeveloped Urban Land Ownership Law
Av = Average
CBI = Central Bank of Iran
E = Expenditure
H.E = Housing Expenditure
IRAUULOL = Implementation Regulations of Abolition of Undeveloped
Urban Land Ownership Law
IRULL = Implementation Regulations of Urban Land Law
M2 = Square Metre
MHUD = Ministry of Housing and Urban Development
No = Number
P = Price
PBO = Plan and Budget Organisation
SCI = Statistic Centre of Iran
ULDO = Urban Land Development Organisation
ULL = Urban Land Law
ULO = Urban Land Organisation

I REFLECTING ON URBAN LAND ISSUES AND OPPORTUNITIES

1. INTRODUCTION.

Land is the key issue for housing the low income groups in urban areas of developing countries. The patterns of ownership, supply and cost of urban land are the emerging obstacles in the housing process. Changing patterns of land ownership are the focus of attention to solve the urban land problems.¹

It is the intention of this research to examine the effects of limiting private, and increasing public, ownership of urban land on the access of low and middle income households to suitable land for housing in urban areas of Iran through a reduction in land prices, increasing the availability of urban land for housing and supportive social infrastructure. This examination is carried out on the basis of the case study of the Iranian urban land experience after the 1979 revolution. It is intended that through such an examination the thesis will contribute towards advancing the debate on private verses public ownership in the land market in general and better understanding of the Iranian situation in particular.

In this respect it must be stated that public land acquisition policy for housing the low-income families is an effective instrument for increasing the supply of urban residential land in developing countries.² Limiting private ownership of urban land, however, is confronted with problems in developing countries. Many countries, such as India, Bolivia, and Nigeria have tried to impose urban land ceiling limit, but there is

little evidence to suggest that they have been able to implement such legislation in an effective manner. A number of legal and institutional limitations, as well as having unrealistic housing standards and target groups can be listed as the most important factors of their failure.³

Islamic governments, however, are empowered to limit private ownership of land where the rights of the individual and those of society are in conflict. The principle of limited and relative ownership of land in Islam clears the way for the compulsory acquisition of undeveloped urban land. According to the laws of Islam an individual has the right of ownership for continuous utilisation and, furthermore, must return the land to communal ownership if utilisation ceases.⁴

After the 1979 revolution the Islamic government of Iran intervened to limit the private ownership of urban land in an attempt to solve the urban land problem. This was a political move to show the egalitarian nature of the new government and to highlight its contrast with the individualistic approach of the previous regime, where allegedly the urgent needs of the masses were ignored. Prior to the revolution the unlimited private ownership of land, speculation and the ever increasing price of land created many problems for housing low-income families in Iran. During that time private citizens had taken possession of almost all plots of urban land within and around cities and the government had cleared the way for influential groups to establish themselves as big landowners.⁵ One of the great

difficulties of the implementation of housing policies and urban development plans and projects had always been the problem of unlimited private ownership of land.⁶ The previous regime of Iran restricted the repeated transaction of urban land in an attempt to curb land speculation and control the ever increasing cost of land.⁷ Since access to land is seen as the most important cultural, political and socio-economic issue amongst the underprivileged and low-income population, the Islamic government of Iran aimed to limit the private ownership of land, acquire the excess land and allocate them for the provision of housing. In this respect revolutionary organisations (namely: Martyr's Foundation, Oppressed People Foundation, Housing Foundation of Islamic Revelation and The Religious Judge of Teheran Municipality) took possession of the land which belonged to the big landowners, and subdivided and transferred it to the low-income families at the beginning of the revolution (1979).⁸

This was to keep the promises of the Islamic Revolution for provision of equality and social justice in the country. Indeed soon after the revolution the government passed a law to abolish the ownership of undeveloped (*Mavat*)⁹ urban land and granted the land owners the right of development up to a specific ceiling limit in the given specified period of time in 1979.¹⁰ In 1982 in a major extension of the measures, the government prohibited subdivision and transaction of all categories of vacant urban land including unutilized (*Bayer*)¹¹ land, except by and to the state.¹²

As a result of these measures, the government classified a

substantial amount of vacant urban land as undeveloped or unutilized land and acquired and allocated them for the provision of housing and urban facilities. Consequently, as will be shown in chapters 10 and 11, land speculation was relatively curbed and the ever increasing price of urban land was comparatively controlled during the period of the study of this research, i.e., 1979 to 1988. The supply of land for housing the low-income families considerably increased. The government allocated huge amounts of urban land for the construction of housing to individual families, housing cooperative societies and public or private land developers; as well as the construction of non-residential buildings. The price of the urban land plots which were transferred to the low and middle income families was very low in comparison with market prices and more affordable to them. Consequently, many low and middle income families were able to build or acquire housing units that would not have been affordable to them with private market land prices.

This is a case in which a revolutionary government had chosen to tackle the land issue as an indicator of its aims to bring about a social change, reduce economic inequality and redistribute wealth. Legislations passed by the Islamic government, immediately after its coming to power, were devised to transform the pattern of urban land ownership in Iran. They were to enable the new government to acquire urban land in a large scale, enough for allocation to the needy low and middle income groups.

This research is to investigate the level of success or failure of the government in its above aims. If successful, lessons can

be learned from establishment of effective legislations to curb the urban land shortages for the low-income group housing schemes. If unsuccessful, arguments can be put forward in favour of searching for other structural or economical alternatives to tackle the problem. The main indicators of assessment used are the trend of change in urban land prices as well as the level of its affordability for the target groups. The hypothesis formulated on this basis is as follows:

1.1 Hypothesis:

The transformation of urban land ownership rights and government allocation of acquired land at low prices to eligible households after the 1979 revolution in Iran had the following results:

A - Reduction of the rate of increase of the cost of urban land.

B - Contribution to the provision of affordable housing units for low and middle income households.

1.2 Structure of the Thesis:

This thesis is divided into four main sections according to the progress of the work. Consequently, section I contains the introductory chapters, section II the literature review and theoretical chapters, section III the analytical chapters and finally section IV the concluding chapters.

Section I includes the introductory chapters and reflect on urban land issues and opportunities. It aims to present an introduction to the thesis, the methodology of the work, and a brief overview and summary of the contents and direction of the thesis as a whole. In this regard chapter 1 comprises the introduction to the thesis and chapter 2 outlines the overall research strategy and methodology by underlining the current and relevant theories at both macro and micro levels and the method which is used to substantiate the hypothesis of the thesis. Chapter 3, then goes on to provide a brief overview and summary of the thesis.

Section II outlines the main problems of urban land as the key issue for housing the low income families and includes the literature review and theoretical chapters. It aims to provide a more comprehensive understanding of the main issues of concern regarding urban land. In this regard chapter 4 briefly considers the underlying rationale for changing the pattern of land ownership for solving problems related to urban land and shows the rationale for government intervention in the land market. Chapter 5 briefly examines the general aspects and the main methods of public acquisition of urban land with particular reference to the experiences of the Sweden and India. Chapter 6 examines the basic principles of Islam on economic relations particularly with regard to possession of wealth and ownership.

Section III analyses the intervention of the Islamic government of Iran to limit the private ownership of urban land in an attempt to solve the urban land problems and includes the

analytical chapters. In this regard chapter 7 explains the urban land and housing situation in Iran prior to 1979 revolution and analyses the problems related to the unlimited ownership of urban land in Iran during that time. Chapter 8 examines the changes in urban land policies after the 1979 revolution on the basis of limiting private ownership of urban land and acquiring the excess land. Chapter 9 examines the quantitative effectiveness of the policies with respect to the amount and type and number of allocations of the acquired urban lands for provision of housing and related urban facilities.

Section IV include the concluding chapters which examine the collected data and show the effect of the change in urban land policy after the 1979 revolution on urban land price increases and the affordability of housing provision for the different income groups in the urban areas of the country during the period 1979 to 1988. In this regard chapter 10 analyses the effect of the implementation of urban land policies after 1979 on the process of change of urban land prices between 1979 to 1988. Chapter 11 expands on the analysis of the previous chapter by examining the affordability of the price of houses built on government allocated and privately owned land for the different categories of income groups in urban areas of Iran during the stated period. Chapter 12 uses the analyses of all the previous chapters to provide the final conclusions and recommendations.

NOTES AND REFERENCES

1. Angel, et al, 1983.

2. Ibid and Kitay, 1985.
3. See Section 3 in Chapter 5.
4. Taleqani, 1983.
5. Ministry of Housing and Urban Development, 1977.
6. Plan and Budget Organisation, first to fifth national development plan, 1949-1977.
7. Land Transactions Law, 1975.
8. Bakhash, 1985.
9. The undeveloped or *Mavat* land applies to any land which has never been developed in the past and no economic use has been made of it.
10. The Abolition of Undeveloped Urban Land Ownership Law (AUULOL), and Regulations for its Development, June 1979.
11. The unutilized or *Bayer* land is abandoned land that has had some history of use or development (for farming, housing, or other purposes) in the past and is now in a state of ruin or remains unutilized.
12. The Urban Land Law (ULL), March 1982.

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2. METHODOLOGY.

At macro level, two main dominant methodological approaches are available for the workers investigating development processes in the urban land market, which can be utilised depending on the overall desired research orientations. These are namely based on: 1) neoclassical economic theories, and 2) political economy perspective. At micro level, a number of specific approaches are used which can be based on: 1) measuring the number of houses and households, 2) investigation of the price and supply of urban land markets, or 3) assessment of the impact of public policies on the residential land-prices and affordability.¹ A more recent methodological research approach is provided by the structure and agency approach which aims at combining the above mentioned macro economic strategies to provide a framework for analysis at the micro level.² Under this approach any analysis of development processes in the urban land markets require "the development of an explicit approach to the relation between structure, in terms of what drives the development process and produces distinctive patterns in particular periods, and agency, in terms of the way individual agents develop and pursue their strategies."³ In its overall theoretical perspective, the current research, however, has relied on neo-classical views, while in its methodology for micro level assessment, it has opted for the latter approach mentioned above. i.e., the assessment of the impact of public policies on the residential land-prices and affordability. This is due to the fact that the 1979 revolution created a fundamental shift of political power and change in urban land policy towards

a more a egalitarian land ownership and distribution policy. At the same time there was a major dislocation of agents involved in property development and the land market from private major land owners (who were practically annihilated) to the state, quasi-public revolutionary organisations and individual consumers including homeless households who were eligible for allocation of land from the state. On the whole it can be stated that the chaotic revolutionary situation, rapid and fundamental dislocation of power from old agents and creation of new ones had created a rapidly changing and transient context where the one clearly identified constant was the new government policy on urban land and its effects on urban land prices and affordability. Therefore, it was decided that the assessment of these policies on prices and affordability within a neo-classical economic view would be most appropriate tool for examining the hypothesis of this research in practical terms.

The work done for this thesis can be divided in to four main parts. These are:

2.1. The Review of Literature.

The work for part one was based on library searches and correspondence with such organisations as the UN for obtaining data and literature on the subject matter of the thesis. This work was mainly carried out in the UK. However, the work was also carried over to Iran during primary data gathering in the various stages of the fieldwork. The review of literature in this work

aims to identify the rationale for government intervention in the urban land market by showing that both as a natural resource and public or private good land has certain characteristics which create contradictions between the uncontrolled private ownership of urban land and social requirements from it, particularly with regard to housing provision for low and middle income households. In addition the review of literature of the thesis will consider the experience of selected countries which have implemented programmes for public acquisition and allocation of urban land such as Sweden and India in order to provide a framework of comparison between these countries and that of the Iranian experience. Finally, the review of literature also considers the impact and significance of Islamic principles on ownership for the Iranian case which have enabled the government to rely on a strong legal framework for carrying out its policies on acquisition and allocation of vacant urban land. The combination of these reviews provides the thesis with the theoretical and intellectual framework with which to comprehensively analyze the Iranian experience within the chosen macro economic perspective and micro level assessment. These reviews also identify the body of knowledge to which this research adds its conclusions, not only increasing the capacity to inform policy based up on this knowledge, but clarifying directions of further research. Consequently, it is intended that this analysis will contribute to the debate on private market versus the public regulation of, and intervention in, the urban land market.

2.2. The Design of Fieldwork.

The second part of the work was mainly concerned with deciding the most appropriate research strategy for the task in hand. In this regard it must be noted that the main objectives of the research deal with examining the degree to which the transformation of urban land ownership patterns in post revolutionary Iran⁴ affected the access of low income households to affordable suitable land for their housing purposes.⁵ This meant the study of an on-going situation in a particular context which was unique in its form, i.e, the application of Islamic land ownership rights in a modern developing country in a revolutionary state. The research strategy, therefore, needed to be holistic and detailed in its approach and yet adequately flexible to allow the researcher freedom of movement in an ongoing and previously unknown context.

Following the work of such authors as Yin⁶ and Patton⁷ it was decided that a qualitative case study approach which would allow a detailed and holistic exploration of the unique aspects of the Iranian situation would be the chosen research strategy for this thesis. The study would accomplish its task by carrying out a detailed study of the land situation in all provinces of the country. This study would include land policy decisions, implementation procedures, acquisitions, allocations, and recipients through direct approach and interview with all of the related organisations in these provinces. Once such data was collected it would then be adapted, reorganised, and analyzed for the purposes of this work. Furthermore, documentary and archival evidence from published data would also be collected and

interviews with other sources carried out to serve as back up to the main interviews and official documents.

The other main task in part two of the work was the determination of the most appropriate instruments for the collection of data. In this regard it has already been stated that a main part of the work would be achieved through library and archival searches of the various related organisations responsible for land policy formulation, acquisition, and allocation in Iran.

Apart from this, however, another main method for obtaining data in this work is through interviews with the related officials and other independent sources, both for obtaining primary data and checking the data already obtained from other sources. In this respect it was decided that open-ended semi-structured interviews would be the best tool for this purpose. This is because such interviews have adequate discipline for directing the interview in an organised and systematic manner depending on the requirements of the research. At the same time, however, this strategy enables the full exploration of an unknown context by permitting the respondents to express themselves fully and by giving the researcher adequate flexibility and freedom to make changes both in the direction and the order of the interview during, and between, interviews with the same respondent. Thereby it enables the researcher to explore relevant new topics or aspects of the answers as they arise, which may not have been accounted for in the original design, or to omit questions which become obsolete due to certain explanations of the respondent. Similarly, the order and direction of the interview can be

changed to explore the pre-set topics if they arise prematurely. This freedom allows the development of the interview instrument according to the needs of the research in a partially known context rather than complying with some rigid direction, order, and questions which had been decided out of context in an office far removed from the reality of the field. The questions asked were designed to furnish and enrich the relevant data, necessary to support the topic of this research. These included the pattern land ownership, housing and urban land issues in national development plans prior to 1979, and the trend of policy making for provision of low-cost housing after 1979 (in particular the Land Acquisition and Allocation scheme). Further questions were asked to clarify the general views and orientation of the current decision makers in their envisaged/recommended focus for the government in its housing and urban land policies.⁸ The data collected were instrumental in establishment of the main indicators of change in urban land policies and their subsequent implementation. These indicators were then used to create a focus for the most relevant issues to be assessed.

2.3. The Implementation Of The Fieldwork And Data Collection.

With regard to the third part of the work for this research, i.e., the implementation of the fieldwork and data collection, it must be stated that the thesis faced many problems in assessing the impact of state intervention under the programme of limiting private ownership of vacant urban land. First of all there were insufficient data and other previous work on hand to

show the amount of land which were allocated by the state in comparison with all lands which were developed by the private sector in urban areas of Iran after the implementation of the laws.

Secondly, there were insufficient data and other previous work to compare the price of allocated lands by the state with the market price of land.

Thirdly, there were insufficient data and other previous work for assessing the affordability of beneficiaries of the programme and the access of low and middle income groups to the allocated lands by the state.

Fourthly, there were no previous comprehensive work on hand to show the extent to which the programme influenced the ever increasing land price.

Finally, there were not any previous investigations to show the extent to which land speculation is curbed as a result of the implementation of the laws.

As a consequence of the factors mentioned above the research would have to complete all the above-mentioned investigations before being able to substantiate its hypothesis with regard to the positive contributions of the urban land programme in increasing the access of low income households to suitable urban land for their housing purposes. The research achieved its task

by accomplishing the following objectives:

1 - Interviewing the main decision maker body of the urban land acquisition and allocation scheme, namely the Urban Land Organisation (ULO), with regard to the method of implementation and the effects of the Abolition of Undeveloped Urban Land Ownership Law (AUULOL) and the Two subsequent Urban Land Laws (ULL).⁹

2 - Collecting data from the Tehran municipality with regard to primary actions by private citizens with respect to spontaneous land squatting and acquisitions by the people and land allocations by revolutionary organisations in the first few months after the revolution.

3 - Collecting data on the identification, acquisition and allocation of urban land by the Urban Land Organisation (ULO) during the period of 1979-1988 from the central ULO office.¹⁰

4 - Visiting 24 provincial offices of the Ministry of Housing and Urban Development and the Urban Land Organisation in the different provinces of the country for the collection of data on the acquisition and allocation of urban land in order to check the data obtained from the central office of the ULO. This work included gathering data on the prices of about 56 percent of land plots which were allocated in the provinces.

5 - Visiting the Central Bank of the Islamic Republic of Iran and

gathering data on the prices of land and buildings that were newly started to be constructed by the private sector in the urban areas of the country during the 15 year period of 1974-1988.

6 - Interviewing the officials of the Central Bank on the method of sampling and the inclusion of the prices of the allocated land of the ULO in their overall averages of the prices mentioned in previous clause.

7 - Visiting the Statistic Centre of Iran and gathering data on the share of the housing expenses in the overall expenditure of the various income groups of urban households with a view of determining the effects of the lower prices of allocated land by the ULO on increasing their effective demand for the provision of their housing by reducing their overall housing expenses through lower land prices. This study also included the determination of the cost of buildings built on such land by the recipients. This would allow the determination of the overall effective demand of the recipients of land from the ULO.

2.4. The Analysis And Presentation Of The Data.

Finally, in the fourth part of the work, i.e., the analysis and presentation of data, the thesis has aimed to adapt and use its collected information to examine and elucidate the contextual situation of the research and then to substantiate its hypothesis. In this respect the thesis has aimed to direct all

the analysis to provide a basis for the detailed discussion of the substantiation of the hypothesis in the final concluding chapter.

With regard to examining the contextual situation it should be noted that in some cases there were discrepancies between the data provided by different organisations. In several cases this occurred between the data provided by the central office of the ULO and its provincial offices and that of the Central Bank on the number of land plots allocated to beneficiaries. In such cases the author opted to use the data from the ULO which had been involved in the actual allocations itself and as such its primary data was deemed to be more accurate and up to date. In some cases similar discrepancies also occurred between the data provided by the same organisations with regard to the same topic but published in different years. In such cases the author has opted to use the more recent publications.

The presentation of data, on the other hand, has been through narrative and tabular form which has been presented all through the thesis. The chapters dealing with secondary and primary data from the fieldwork are presented in section III. Finally, after the ground work has been laid in terms of the contextual and analytical basis of the research the concluding chapter makes a detailed examination of the substantiation of the hypothesis on the foundation of the analyses of the previous chapters.

NOTES AND REFERENCES

1. Jones, G. & Ward, P. 1994
2. Healey, P, and Barret, S.M., 1990.
3. Ibid, p90.
4. See chapter 7, part 7.1, for more details about patterns of land ownership prior to 1979, and also chapters 8 and 9 for a detailed account of changes concerned after 1979.
5. The target groups included: low and lower middle income individual households, and housing cooperatives incorporating workers, low-ranking army personnel, low-paid private and public sector employees. A number of revolutionary and charitable organisations (such as the Housing Foundation of Islamic Revolution, Oppressed People's Foundation, Martyrs Foundation) were also the target of land allocation scheme, enabling them to provide for their own specific category of low-income group beneficiaries.
6. Yin, 1989.
7. Patton, 1990.
8. The full detail of the questions is given in appendix 1.
9. Other minor decision making centres included local municipalities and regional authorities, such as Astan-e Ghouds in Khorasan, which are empowered to affect the land allocation process at local level.
10. It should be noted that the Iranian calender is different from the West European one. Consequently, both the actual year of the calender and the beginning of the year (which in the Iranian calender falls on the 21st of March) in the two calenders are different. For example the Year 1358 in the Iranian calender would have begun on the 21st of March 1979 and ended on the 20th of March 1980 in the European calender. Since the important issue for this work is the trends of data on costs, prices and affordability rather than price dates, and to avoid unnecessary confusion, the author has decided to ignore the overlap of the Iranian calender year with two European calender years. In other words it is assumed that the year 1358 in the Iranian calender, for example, is completely equal to the year 1979 so that it would begin on the first of January and end on the 29th of December without overlapping 1980 by three months. It must also be stated that as far as the analysis of trends in Iran are concerned such an assumption would not make any difference to the accuracy of the result since it would apply to all periods equally.

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3. OVERVIEW AND SCOPE OF THE STUDY.

This chapter provides a brief overview and summary of the contents and direction of the thesis as a whole. It is hoped that in this way the reader will obtain a more comprehensive understanding of the issues involved in the work which will aid a better understanding of the research and a more productive examination of the thesis.

This chapter is divided in to eight main parts, which deal with providing a brief explanation of the scope and the focus of the study through brief description and examination of the main points of concern of the thesis.

Description of the scope and the focus of the study is underlined in more specific terms in the following parts of this chapter.

3.1. Cost And Availability Of Urban Land, And Housing For Low-Income Families.

Developing countries today are faced with rapid urbanisation and consequently high demand for urban land which in turn requires the supply of serviced land at acceptable price levels for urban development purposes including housing production.¹ The rising cost of urban land may greatly limit the supply of land available for development by transforming its role in the market in to an investment opportunity and speculative commodity.² Consequently, land is held vacant by owners as a form of saving or exchanged in an speculative chain. Thus, a large amount of land is kept off

the market which causes a decrease in land supply for urban development. Shortage of serviced land in the market contributes, with other factors related to supply and demand such as rising demand for urban land, to the increasing price of urban land. At the same time the increasing price of land causes further withdrawal of land from the market, leaving it vacant for further price increases. This in turn increases the shortage in the supply of urban land and the two factors begin to reinforce each other.

Generally speaking from the perspective of the low-income and disadvantaged groups, the access to, and availability of, affordable land specially on the urban fringes is being decreased. This is because large amounts of such land are being kept vacant. Furthermore, the buying power of the low-income families is continuing to erode because of increasing costs of land and shelter both in new and old settlements. In addition, the low-income and disadvantaged groups are increasing their segregation from wealthier urban residential areas and from many urban amenities and the quality of the environment in all settlements of this group is decreasing.³ Consequently in many developing countries low income groups have resorted to illegal invasions of the vacant urban land plots in order to provide a shelter for themselves. Indeed, according to some accounts 15 to 50 percent of urban residents in different Asian countries in 1983 were technically illegal.⁴

It is therefore apparent that, on the one hand, the price of

urban land may be the critical factor influencing the use made of it. On the other hand problems related to the cost and availability of urban land are interwoven with patterns of land ownership. The discussion, therefore, should centre on how the low-income and disadvantaged groups can gain access to land in developing countries. In this respect particular attention should be paid to examining how new patterns of land ownership can decrease its cost for housing the low-income and disadvantaged groups in the urban areas of developing countries.

3.2. Problems Related To Urban Land And New Patterns Of Land Ownership.

The concept of land ownership is related to the ideological, political, social and economic system of a country. It can change by the level of development and the changing role of land in the economic and social structure of the society.

Land was seen as a good belonging to the community in the early stages of development of human society when the individuals' economic activities were an integral part of the community and his existence was dependent on that community and he had only the right of using the land. ⁵

It has been argued that Islamic law has been expressed, to a great measure, in a traditional communal approach. The Ottoman empire land law of 1858, which was based on Islamic laws, divided all land into four main categories which are still used in the countries of the former Ottoman empire. These are *Mulk* (private

property), *Miri* (state lands), *Waqf* (endowment land) and *Musha* (collectively owned land). ' The last concept refers back to tribal culture where the available arable land was divided among the members of the group. Each would hold parcels of land in different locations, corresponding to variations in quality and size, and individual positions were reapportioned at intervals to maintain equality of holding.'

Land use can be seen as a reflection of the priorities and goals of the community which are ultimately set by the social structure of the society.⁸ In this regard some authors have argued that the most important measure which is required as basis for insuring the future of human settlements is transferring the land needed for urban growth from private to common ownership.⁹ Accordingly it is also stated that the concept of private land ownership has only been a prevalent category for the last century in the whole of history of human society.¹⁰

Furthermore, it is argued that the purpose of changing the ownership of land in urban areas is not to diminish the rights of the individual to his own land space which the private market has already done through high prices. On the contrary, it is stated, having an adequate space for each individual will be guaranteed by communal land ownership.¹¹

On the same note, other authors have suggested affecting mechanisms for making land markets more accessible to the low-income groups and have proposed realistic possibilities for

sharing the land.¹² In this regard conventional methods of owning land and housing by private individuals or cooperatives and public authorities are criticised as either inadequate or inefficient or both. Instead a new duplex tenure system is proposed where ownership of land is separated from the ownership of housing units¹³, and the land is collectively owned by the community as a whole.

In any case, whatever the method, changing patterns of land ownership through limiting private ownership of urban land, on the one hand, and public or communal acquisition of the excess land for the provision of housing and related facilities, on the other, are the focus of attention of many writers on, and governments in, developing countries. The aim of such a change is increasing the supply and controlling the price of land for the lower income groups and urban development in general in the urban areas of developing countries.

3.3. Public Acquisition Of Urban Land And Its Disposal.

Direct action by public authorities for land acquisition take place from different points of view, i.e., to supply serviced land to the market through the provision of infrastructure, to implement the long term development schemes, as well as short term development schemes such as housing projects, and advance land acquisition for creating reserves for future urban development or land banking.¹⁴

The extent to which the government is responsible for supplying the housing needs of its citizens is a deciding factor in the patterns of public land acquisition policy. In some countries the provision of housing is seen as a vital and essential public service, similar to education and health, in which case, the government must provide housing for the population. In these countries the land needed for public housing projects is usually acquired compulsorily through various means such as priority purchase rights for public authorities or even confiscation and nationalisation.¹⁵

In some other countries the government is responsible for providing low-income housing. In this case public acquisition of land and its disposal at a price acceptable for low-income families is essential. The role of some governments, moreover, is limited to the provision of financial assistance for the provision of housing while urban land is required for other purposes, i.e., carrying out infrastructure works in order to supply serviced land to the market or provision of public utility projects. These activities are carried out either by compulsory powers or by voluntary purchases, and in some cases through gift and dedication or through barter or exchange of land.¹⁶

In addition, land pooling or land readjustment schemes may be considered as another form of land acquisition which is in fact one kind of public private venture. This is a technique whereby the government in cooperation with land owners pools together many different land parcels and takes temporary ownership of

them. It then provides the necessary urban services and returns them to their owners according to the share of their contribution. In the process, however, the government is given an agreed percentage of the serviced land which is used to finance further readjustment and other activities.¹⁷ Urban land pooling can help in the development of privately owned land, while in its process the authorities acquire the land needed for public use at no cost to the government. Nevertheless, it contributes to the supply of land for housing by helping ensure a more efficient use of vacant urban land.¹⁸

Limiting private ownership of land can be practised as one of the forms of compulsory public acquisition of land where there are a substantial amount of vacant land lying idle while there is a lack of land in the market. This technique can empower the government to acquire those lands which are in excess of their owners' need for housing themselves. These lands may be located in an area with mixed built and vacant land which already benefit from some infrastructure and public utilities, or may be located in the periphery of cities and un-serviced. When the acquired land is located in the periphery of cities and is un-serviced; part of the land can be apportioned for the provision of infrastructure and public services and the rest subdivided and allocated for the provision of housing according to approved urban development plans.¹⁹

The cost of the land, both in acquisition and development, is the main factor for the determination of the price the land in the

process of disposal.²⁰ The relationship between the price of the land which is supplied by the government and the income of various groups of urban societies is the main factor for the selection of beneficiaries of such programmes.²¹ The government usually regulates the programmes in accordance with the income of poor families.

3.4. Limiting Private Ownership Of Land And Acquisition Of Excess Land.

"Let us set a limit to the amount of land an individual may own, give the excess land to those who really need it, and put a stop to the concentration of land ownership in the hands of the few."²²

Private ownership of land and the holding of vacant land create a paradox in most cities of the world. There is a lack of land in the market to carry out the development schemes, but at the same time there is enough vacant land in cities, specially in metropolitan areas, where high density districts of the city are surrounded by large vacant tracts of land. Construction activities in the cities are carried out in response to the land available in the market rather than the urban land requirements for development schemes.²³

The main reason for keeping land vacant and out of the market is because urban land values are increasing faster than inflation rates in urban areas, specially in larger cities and metropolitan areas.²⁴ One reason for this is because the demand for land is increasing very fast as a result of the urbanisation process and the concentration of population in these areas.

As a result of the rapid increase in urban land values, those persons with disposable income invest their capital in land which is potentially a profitable asset. Then the land owners play a waiting game. They keep many parcels of urban land and can earn high amounts of profit from selling their land at the right time. Thus urban land speculators are able to get several times more the amount of money they would have been able to get if they had not kept their land off the market until the dramatic boost in the selling price.²⁵

As mentioned before such opportunities are open only to those with disposable income. They are a small percentage of population with high income levels in developing countries. They buy a substantial amount of urban land and keep it off the market and decrease the supply of land, on the one hand, and raise the price of urban land, on the other. The supply of land for housing needs which is the most important portion of urban land demand becomes rare and expensive. The main group who suffer from this matter are the low-income and disadvantaged groups.

The small percentage of the population who establish themselves as the owners of large tracts of vacant urban land also have political power in developing countries. Thus those holding high positions within government apparatus, or their family members, are the most active speculators in the land market. These groups could not accept any concept that threatened their investment opportunities, i.e., limiting private ownership of vacant land and acquisition of excess land by the government.²⁶

At the same time, the low-income and disadvantaged group in the urban areas are forced to choose squatting, crowding into already overcrowded houses and rooms, moving to the cheapest land on the periphery with long distances from their jobs, leaving the city and the employment opportunities which they have gained, or cutting back on other expenses such as food, while there are large amounts of vacant urban land in urban areas lying idle.²⁷

Limiting private ownership of vacant urban land is practised by some states, such as India, Nigeria and Iran, as one of the techniques of public land acquisition policy. This technique is applicable to those countries, where private citizens have kept large amounts of land off the market. Limiting private ownership of vacant urban land, its acquisition and disposal is aimed at curbing land speculation, controlling land prices and promoting the provision of low-income housing.

3.5. Principle Of Limited And Relative Ownership Of Land In Islam.

According to the basic principles of Islam, ownership is limited and relative. No person should consider himself the absolute owner and complete possessor. Man does not have the right to possess as much as he desires or to obtain wealth in any way he may choose. Based on this basic principle of relative and limited ownership, land and natural resources are not the particular property of any one, (neither individual nor society), only the guardian of muslims (Imam or Vali-e Amr) committed to public welfare has supervision over land. Ordinary people, however, only

have special and limited right to possession of land as long as they put them to fruitful and productive use.²⁸

Private ownership of land is not absolute and is limited in duration in the sense that if the owner fails to carry out his responsibilities in developing the land his rights lapse and he may no longer dispose of the land.²⁹

3.6. Public Ownership Of Undeveloped Land And Communal Ownership Of Unutilized Land In Islam.

Public domain (state domain) and community ownership appear superficially the same from the social point of view, but differ in terms of legislation and control in accordance to Islamic law. Public domain is owned by the whole community and the ruler has legislative status to control its use or dispose of it. The whole community is still the owner of the second category but the ruler has no apparent status to let or give it away.³⁰

In Islam undeveloped land and natural resources are not the particular property of any one and belong to the state. It is the right of an individual to develop the waste or undeveloped land but the individual has the right of appropriation only as long as he maintains his utilisation.³¹

Individuals have special and limited rights to possession of land and natural resources, as long as they put them to fruitful and productive use. In other words the individual does not have the right of ownership for temporary utilisation, but only for

continuous utilisation and if utilisation ceases the unutilized land returns to communal ownership.³²

3.7. Unlimited Private Ownership Of Land, Speculation And The Ever Increasing Price Of Land In Iran Before 1979.

The rights of unlimited private ownership of land allowed the private sector, especially the big land owners to influence the urban land and housing policies in Iran before the revolution (1979). This influence was accomplished firstly by the direct influence of the big land owners in the process and apparatus of decision making. Secondly, this group, which had enjoyed the protection of the law and related regulations, had been successful in controlling the land market and therefore the land prices.

The ever increasing price of land which was partly due to land speculation and partly due to mis-directed policies of the previous regime, had created many problems for housing and related facilities.³³ Between 1975 to 1978 the price of land was on average about 45 percent of the entire cost of housing in all urban areas of the country.³⁴ In Tehran this ration was on average about 50 percent during the same period.³⁵

Land speculation and repeated exchange of land within city limits and around them, subdivision and allotment of most urban land attracted large amount of capital which would have otherwise been invested in productive fields.

3.8. Limiting Private Ownership Of Urban Land, Acquisition And Allocation Of Excess Land In Iran After 1979.

Limiting private ownership of vacant land and acquisition and allocation of excess land in urban areas of Iran have taken place since the enactment of a new urban land policy in 1979.

The Iranian government with due attention to Islamic law, which does not give an individual the right of ownership on undeveloped (Mavat) land and instead declares them to be state property, passed a law to secure all undeveloped urban land for itself in June 1979. According to this law which was called 'The Abolition of Undeveloped Urban Land Ownership Law and Regulations for its Development', each urban family could possess only one plot of land with a specified maximum area which would have to be developed in a specified period of time. The area excess to that ceiling limit were automatically recognised as state property.

According to this law, undeveloped or Mavat land applies to any land which has never been used in the past and no economic use has been made of it.

After a few years, in March 1982, in a major extension of the measures, with due attention to Islamic law 'which does not give the right of ownership for temporary utilisation to individuals and insists on return to communal ownership if utilisation ceases', the 'Urban Land Law' was passed by the government. This law was intended for securing both the undeveloped or Mavat land and the unutilized or Bayer land for itself. These latter

category of land are those which had been used some times in the past for farming or housing or other purposes but are now in a state of ruin or remain unutilized. According to the Urban Land Law the unutilized land was exempted from nationalisation but were made subject to certain restrictions. The Urban Land Law placed a limitation on the ownership of undeveloped and the development of unutilized of urban land by individual or households. Furthermore the owners of unutilized land may never offer the land for sale except to the state which would be with government appraisal of the price.³⁶

The acquired land was to be made available for new housing construction and a special office, i.e., the 'Urban Land Organisation' was established to administer the acquired land and prepare the infrastructure and subdivide and arrange for its transfer to eligible applicants.

As a result of the implementation of these urban land policies, the government came in to possession of substantial tracts of land lying around the major cities and large amounts of valuable land in urban centres. These lands were subdivided and transferred to eligible households, housing cooperative societies and public or private land developers. Furthermore, urban facilities, such as schools, clinics, commercial centres, etc, were also prepared for these lands.

As a result of the implementation of the laws and transferring serviced plots to eligible applicants, the price of land which

was rapidly rising due to speculation before the 1979 revolution showed an unprecedented drop, and land speculation was to some extent controlled in the urban areas of Iran.

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30. Hajrah, 1982.
31. Ibid.
32. Ibid.
33. McCutcheon, 1979.
34. Mowlazadeh, 1991.
35. Ibid.
36. Government appraisal of the price is based on official prices which are determined every year by the ministry of finance for collection of tax on land and property transaction and on those land which are kept undeveloped inside city limits.

**II. URBAN LAND IS THE KEY ISSUE FOR HOUSING THE LOW-INCOME
FAMILIES.**

This section includes chapters 4, 5 and 6 and aims to provide a more comprehensive understanding of the general nature of urban land, the rationale for government intervention and lessons of the experiences with regard to public intervention and acquisition in order to provide a more comprehensive understanding of issues involved in public intervention and acquisition in the urban land market and a basis for comparative analysis.

In this regard chapter 4 shows that the rationale for government intervention in the urban land market stems from the unique characteristics of urban land which prevent the efficient functioning of the private urban land market. Land is a natural resource, on the one hand, and a particular type of good, on the other. At its origin land is not created through production but at the same time it is a good, because its value is affected by human activity and is also an essential element which is necessary for the existence of human beings. Land is a basis for human settlements, thus land policy has to be based on a socio-economic approach because urban areas are the place where people live, work and use services. Land policy is also influenced by socio-economic and political structure and the level of development of a country.

It has been argued that the factors creating urban land problems can be classified as the level of socio-economic development, the rate of urbanisation and the historical background of the society.¹ However, the main problems related to urban land, as

the central issue in housing the low-income families in the urban areas of developing countries, are those relating to the supply of land, its price and its ownership. Moreover, the two factors of urban land supply and its price are both influenced by the third factor of patterns of land ownership. This occurs because the factor of ownership may act to limit the use made of land and the quantity of land that can be assembled for development purposes. This in turn affects the supply of land in the market and thus its price.

Transformation of patterns of land ownership in a country depends on changes in the social, economic and political structure and the level of development of that country.² The extent to which governments can intervene to alleviate urban problems may depend upon the level of changes in patterns of land ownership. In this respect new patterns of land ownership can be formulated to increase the powers of government to regulate its use and acquire land for housing the low-income families and the provision of related facilities in developing countries.

Furthermore, in chapter 5 an overall examination of methods of public acquisition of urban land is made in order to show the main experiences of urban land acquisition and their points of weakness and strength. The chapter then proceeds to show that the methodic and comprehensive approach to public land acquisition and allocation in Sweden has been largely successful. However, India which has attempted to impose limitations on private ownership of urban land and publicly acquire the excess

land has faced many problems to the extent that it may be stated that they have failed in realising most of the main objectives, particularly providing land for low income housing. The reasons for this failure have included lack of adequate government resolve, lack of clearly defined implementation procedures, legal loopholes, administrative shortcomings and the influence of private landed interests.

Chapter 6, on the other hand, examines the basic principles of Islam on economic relations particularly with regard to possession of wealth and ownership. It is shown that the implications of these principles is such that private ownership of land can not be absolute and is limited and dependent on its state of development under Islamic law. Consequently, private ownership of vacant and virgin land is invalid in such a concept. It is argued that these principles provide a firm legal basis for the intervention of Islamic governments in the urban land market in order to limit private ownership of vacant and under-used land.

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1. Darin-Drabkin, 1977, op cit.
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4. URBAN LAND : THE MAIN ISSUES OF CONCERN.

This chapter briefly considers the underlying rationale for changing the pattern of land ownership for solving problems related to urban land. In this regard it reviews the basic characteristics of urban land which make it valuable in relation to raw land and different in relation to other economic goods and commodities. The objective of this review is to show that both as a natural resource and public or private good; urban land has a peculiar nature which creates inherent contradictions between the uncontrolled private ownership of land and social requirements from it which are necessary for the physical, social and economic development of the society as a whole. This includes low income housing provision. Consequently, some form of public control over land becomes necessary in order to ensure that the requirements of land can be met on a present and continuous basis.

The remainder of this chapter is divided into six main parts. Firstly, the chapter briefly considers the unique characteristics of urban land. Secondly, in view of the characteristics of urban land, the chapter examines the identity of urban land as a public resource and private commodity. The third and fourth parts of the chapter make brief examinations of the factors affecting the supply and price of urban land respectively. The fifth part of the chapter examines the general relationship of urban land, public intervention and low income housing provision in developing countries. Finally, in the sixth part, the chapter provides a conclusion for all the examined debates and concepts.

4.1. The Unique Character Of Land.

Land is distinguished from other goods because of certain unique aspects or characteristics. These unique characteristics of land and particularly urban land are¹:

a) Land is not physically depreciable and not influenced by time.

b) Land is not transportable and is fixed by demand for land in certain areas. Consequently we can not relieve shortages of land in one location by transporting land from another location.

c) Land is limited in quantity and its supply with some exception, i.e., land reclamation from the sea, and can not be increased.

d) The effects of any activities on land is on relatively long term basis which affects many other parcels of surrounding land and even an entire city for long periods of time. As a result the cost of an incorrect decision in the land market is much higher than elsewhere due to their long term nature and the externality effects it has on other land parcels and the society as a whole.

e) In addition to production purposes land is also used for long term investment as a basis for savings. The scarcity of land and the fact that it is not physically depreciable means that it is profitable to hold large tracts of land off the market without using them in the production process.

The unique characteristics of urban land, limitations on the use of land in certain places due to regulation and the fact that land can be withheld from production purposes with relatively little penalty may lead to a permanent disequilibrium in the land market between supply and demand of urban land. Increasing demand for land in a specific area causes its price to rise but in contrast the higher price of land does not necessarily always increase the supply of land in that area. This is due to the physical impossibility of producing more land or transporting land from other areas to where there is a shortage. Indeed, the higher price of land may even reduce its availability in a certain area due to speculative behaviour in the market by holding vacant land off the market in expectation of even higher prices and thus higher profits.²

4.2. The Rationale For Government Intervention In The Land Market.

The unique characteristics of land allow it to be viewed as a natural resource because it is not produced by humans. Investment made on land and its development transforms it into some form of human use. In this regard in urban areas public actions and decisions are the main mechanisms for influencing the value of land. This can include direct construction of functional and physical services or regulations which allow particular uses of, or construction on, a parcel of land. The value of land, therefore, is determined by the usability and constructibility which it acquires from public decisions.³

On the other hand land also has a private nature because traditionally ownership of land and housing has satisfied a deep psychological need for security of private individuals.⁴ Indeed, many authors have argued that obtaining a reasonable security of tenure, particularly in squatter settlements, induces much higher capital investments in housing by the occupants than would be the case in the absence of such security.⁵ The complexity of urban land markets particularly in relation to the private aspects of its use is such that even most of the ex-soviet block countries which were highly centralized had delegated certain areas of decision making about urban land and its use to local and individual levels.⁶

Thus land may be recognised as both a private commodity and a public resource. The unique characteristics of land are such

however that its uncontrolled private ownership can create many contradictions with its public nature and social function which are to the detriment of the society as a whole.⁷ In this regard decisions may be made by separate individual land owners concerning their own property, which either individually or in combination, are to the disadvantage of society as a whole. Among the consequences which can result are included the wasteful consumption of land, the construction of building prior to the possibility that public services can be provided, and an unbalanced pattern of urban growth. The main problems in the way of the efficient functioning of private urban land markets can be summarized as the following⁸:

1. The need to provide certain land with public goods such as public parks, recreational areas, city infrastructure, roads and transportation networks, etc, which cannot be effectively produced through the private market.
2. The existence of major locational externalities, i.e., the effects of certain uses of a particular plot of land on the adjacent plots and the neighbourhood which can be both good and bad and which is not readily taken into account by private decision makers.
3. Lack of adequate information on which to base individual decisions and general costs of using the market.⁹
4. Unequal division of market power among economic agents,

particularly in the case of monopolistic supply.

5. Differences between the way individuals and the community value future and current benefits.

In this regard Lim¹⁰ writes:

"In an ideal market economy, optimising individuals and firms under perfect competition would lead to an efficient allocation of resources. However, realities impede the function of land markets to allocate land in a socially optimal or desirable way. First of all, many of the conditions for perfect competition are frequently violated in land markets. For example, the special characteristics of land and real estate properties as a commodity - durability, immobility, and transaction barriers - transgress the assumptions of perfectly competitive markets. In addition, even under perfect competition, markets often fail; existence of externalities and public goods associated with land use prevents market mechanisms from achieving optimum allocation of land among competing users. It is often observed that geographical spill-overs between incompatible land-use activities give rise to inefficiency."

Land is also commonly used as a form of investment or as a basis for savings. These uses along with construction opportunities comprise the economic roles of land. The fixed supply and non-depreciability of land permit it to be kept for an indefinite period of time while the physical characteristics of other commodities do not permit to keep them on such a basis. The productivity of capital invested in land is measured by the expected benefits and this promotes the holding of land for investment and keeps it off the market. Land speculation therefore becomes a main method for capital investment and profit making, particularly in countries where inflation causes an

absence of investment opportunities and government policies and regulations permit such practices.¹¹

Indeed, as far as social objectives and collective requirements of society are concerned, the problem of land speculation may be considered as the main weakness of unregulated private markets. The problem arises out of the profiteering motive of the capitalist market. As a result when dealing with a commodity that is essentially not reproducible or replaceable and whose price is also basically determined by demand it pays to create unreal shortages in the market through land speculation and/or monopolisation of the land market by one or few firms or individuals. The result of such actions, however, is to drive up land prices which accentuate income distributional problems and cause mayhem in urban areas particularly with objectives whose economic or social value is less measurable in terms of cost benefit analysis. In this regard Penalosa¹² writes:

"The benefits of the capitalist market are dubious when it deals with a resource whose supply cannot be augmented, as is the case with urban lands. On the other hand, the obstacles that the private ownership of land poses to the rational and humane development of a human settlement are immense. The patterns of growth of too many cities have been and are being dictated not by rationally planned considerations but simply by speculation."

A related problem which is also a major obstacle for achieving social objectives such as rational development and low income housing provision in developing countries is the wide spread practice of land monopolisation. In this regard Durrand-

Lasserve¹³ writes:

"In Bangkok, in 1980, 70 land and housing development companies owned approximately 160 square kilometres of land reserves; in Lima, Peru, in 1972, groups of companies controlled by 10 families owned 45% of undeveloped land in the urban fringes of the metropolis; in Greater Bombay a conservative estimate put the amount of surplus land at 200 square kilometres...one family alone owning 20 square kilometres of vacant land. In other cases private developers are exercising a monopoly over the land market: in Colombo, Sri Lanka, between 1959 and 1986 one company was controlling more than 40% of the land transactions in the metropolitan area."

There is evidence to show that such practices have been predominantly in major urban centres where, due to increased migratory and demographic pressures, the problem of the shortage of suitable urban land for residential and city service activities are the greatest.¹⁴ In Greater Bombay, for example, the amount of surplus land in early 1980s amounted to 20,000 hectares with one family alone owning 2,000 hectares of vacant land which was enough to house most of the city's slum, shanty town and pavement dwellers which were more than three million people.¹⁵ In Manila in 1973 about 64 percent of the metropolitan area, including core urban areas, was still open space despite severe problems with shortage of land for housing and the growth of shanty towns. In Mexico city, on the other hand, real state companies and individual land owners had illegally subdivided ill suited land for residential purposes or communal agricultural lands and sold them to poor migrants.¹⁶

Furthermore, on the need for the recognition of the collective

nature of land as a public good and common resource Drabkin¹⁷ writes:

"A human settlement is a framework of space used collectively by the people living in it. The individual's living conditions must insure his essential needs not only for a roof over his head, but also by providing the services vital to every day life. All these are based on using land for collective needs."

It is then continued¹⁸:

"The increasing rate of population growth which has extended the area of human settlement, the need to preserve land for agricultural use in order to provide food for the growing population, recreation needs and the need for land for transportation purposes - all these needs are in contradiction to the old conditions of individual landownership. The private ownership of land by a small strata of the population means in reality that it is impossible for the large majority to enjoy land-use rights (including housing) which insures access to all city functions."

As already stated land also has an economic role and is an important form of asset for households. As a result distribution of land ownership can have major implications to social justice and equity. Market forces alone, however, tend to ignore this aspect of land use. Moreover, as the most basic and essential input to the production of housing, land is a fundamental resource for meeting the basic needs of the population.¹⁹ Consequently social justice can only be achieved if land is used in the interest of the whole society.²⁰ As a result it may be suggested that a concept of land ownership should be promoted which recognises the role of land as a natural resource. This role would function in the context of land use policies which relate the social functions of land and the obligation of the

individual landowners to society.²¹ With regard to both ensuring rational development and equity in human settlements UNCHS²² states:

"Land is one of the most valuable natural resources and it must be used rationally. Public ownership or effective control of land in the public interest is the single most important means of improving the capacity of human settlements to absorb changes and movements in production, modifying their internal structure and achieving a more equitable distribution of the benefits of development whilst assuring that environmental impacts are considered."

The extent to which governments can intervene to reduce problems related to urban land may depend upon prevailing attitudes toward public and private land ownership and the powers available for the public acquisition and regulation of the use of urban land. Generally speaking, the concept of land ownership is defined by the degree to which the government exercises the control of land, by regulation or by retention of rights of property. In other words by legislation or by the powers the government can use to acquire private land for public use, such as expropriation. In many countries, the concept of land ownership is interwoven with collective needs of the society. In centrally controlled economies and ex-soviet countries, while collective ownership of land prevailed, individual rights of land use was retained. In market-based economies the public purpose of land is considered and the governments may limit private ownership of land in order to facilitate these public purposes. In the case of rapid urbanisation the needs of public acquisition of urban land for the implementation of urban development plans is recognised as

a legitimate public purpose in practically all countries.²³

Consequently, it may be stated that the public nature of urban land is to varying degrees recognised by all societies. However, the existing political framework and interest groups which are formed around land ownership limit the ability of public authorities to increase the social function of land through the legislative and expropriatory powers at their disposal.

4.3. Factors Limiting The Availability And Influencing The Price Of Urban Land.

Development of land may be prevented if it is held as an investment or as a means of savings or if it is under various controls and regulations, e.g., *waqf* land in Islamic countries which are donated for charitable uses. Physical conditions of land such as slopes, which need a high level of investment for development may be prohibitive for any use or for some specific uses of land. The amount of land required for a given type of development which is not available in the market or restricted from a physical point of view, zoning and other restrictions and locational factors may limit the use that can be made of a given parcel of land.²⁴ In this regard access to services is probably the main factor in limiting the supply of land suitable for housing in urban areas.²⁵ This can lead either to physical shortages of suitable land for urban expansion and resultant inflationary pressures in land prices, as in Gabarone the capital of Botsawana, or urban expansion on land without infrastructure, which entails unplanned and chaotic urban expansion with inadequate services for the inhabitants and costly upgrading expenses for the government, as in Bangkok the capital of Thailand.²⁶

A related issue which exacerbates the effects of the shortage of serviced land is the application of unrealistically high planning and land development standards in developing countries.²⁷ In this regard it is argued that in Gabarone, Botsawana, for example, planning standards have led to a very extensive, low

density, form of urban expansion which has accentuated the problems of shortage of serviced land.²⁸ In Malaysia, area regulations require that roads, drainage reserves, and recreational and educational spaces on development projects take up to 50-60 percent of the cleared and developed land which again have the same result of reducing the available land for housing.²⁹

Another problem which impedes the supply of land in the private market and is particularly severe in many developing countries is lack of proper registration of land titles and cadastral services where the ownership of land can be unclear.³⁰ An efficient land registration system has many benefits for both the private and public sector. It can act as an inventory of the national land resources for the government which can aid the formulation and implementation of fiscal and land and housing policy. However, an efficient and accurate land registration system can also ensure the rights of the owners or occupiers of land and aid the safe, cheap and quick transaction of land in the market and thus make private urban land markets more efficient.³¹ The situation of many African cities where many areas are still controlled by tribal systems of land tenure and ownership highlights the negative effects of inefficient land registration systems. In many of these cities not only local and central governments have little control over urban planning, land allocation and administration but also contradictions between customary and modern systems of titling and land registration have created many legal disputes and have retarded development

activities.³² The situation in Accra where 16,000 legal claims over disputed properties have been filed and the resultant halt of development activities on the fringes of the city is a prime example of the negative side effects of an unclear, confused and inefficient land registration system.³³ Another aspect of inefficient land titling and registration systems which inhibit efficient market activity is their complexity which imposes heavy costs and long completion times. In West Java, for example, land transfers take an average of 32.5 months for title issuance and cost between 10 to 29 percent of the cost of land acquisition.³⁴

Another important side effect of an inefficient land registration system where many private sector transactions are unregistered or documents are unreliable is the limitations that are imposed on land owners for using institutional financing for their development activities. In this regard since the most favoured collateral for securing housing loans is real estate it is obvious that in the absence of reliable documents credit may be unavailable or the costs much higher.³⁵ In Jakarta, for example, the market value of residential plots with clear land titles is about 45 percent higher than comparable plots without clear title.³⁶ As such not only do the owners of the former plots have easier access to institutional financing for development and upgrading but also the value of their credit would be higher since the value of their collateral is deemed to be higher.

The reform of land registration and titling systems is, therefore, a major area of concern for improving the efficiency

of urban land markets and aiding the formulation and implementation of efficient urban land policies. In this regard three areas have been identified as hampering the reform of registration systems in developing countries.³⁷ These are:

1) Institutional problems which relate to shortage of skilled staff, poor coordination of the related agencies, and lack of involvement of the private sector as controlling agents of the registration system. Also included under this heading are technical problems which include the issue of choice and flexibility of standards for surveys and the choice of the necessary sophistication of the system, e.g., should the system be a full cadastral system or just a deed registration system where transactions are recorded as they happen.

2) Financial problems which relate to the issue of the cost of the registration programme and the degree to which this is transferred on to the property owners.

3) Motivational problems which relate to the issue of finding ways to encourage and motivate property owners to be actively involved in seeking title registration for their properties.

All the above mentioned factors which reduce urban land supply affect and increase its price. On a more general level, however, urban land prices are the reflection of the interaction of five major factors.³⁸ These are briefly outlined below.

a) Urban Population Growth.

The rapid growth of population and urbanisation on the one hand and the movement of people from the centre of urban areas to the suburbs, on the other, has caused a very rapid growth of demand for urban land. This is not matched by the growth of supply due to the shortages of land in urban areas on the one hand and the inability of governments to extend basic infrastructure at the necessary speed to available land which would make these lands suitable for housing purposes, on the other. The disparity between the rate of increase in demand and supply of urban land has caused much faster increases in the price of urban land than that of agricultural land.

b) Urban Land Speculation.

Concentration of population in urban areas specially in the metropolitan regions induce landowners and purchasers of vacant land to hold their land in expectation of receiving higher prices at some future time. Land speculation has serious impacts on the supply of land for housing and urban development. Lack of other alternatives for investment opportunities in developing countries causes urban land speculation on a greater scale since people with capital for investment often choose land because of its relative security.

c) Land Use Differences.

The price of one plot of land is dependent on the uses which are possible on it. In fact the price of commercial sites are quite different than those suitable for residential purposes. The size of a plot of land, its location and availability of services determine the use that might be put on a parcel of land and affect its prices as well. Thus, several patterns of land price can be established within a single urban area on the basis of suitability of each parcel for the different types of uses.

d) Public Services.

The availability of infrastructure and public services which make raw land suitable for urban use greatly enhances the value of the raw land. The development undertaken with public investments helps to influence the increase in land values in newly developed areas. Provisions of public services and the development of public land uses directly shape the pattern surrounding land uses and consequently the value of adjacent lands affected by these improvements.

e) Public Planning and Development Programmes.

The capital gains which result from land use changes are only made possible by public planning and decisions to allow development. Planning decisions determine the distribution of unearned gains to individual landowners. The price of one piece

of land can increase a hundred times while the price of an adjacent land, where the development is not permitted, may increase only a little. The highest land price increases are produced by public decisions which change the land use density of land and the change of status of agricultural land into urban land.

4.4. Urban Land Issues, Public Intervention And The Provision Of Low Income Housing.

Barriers to the supply of suitable urban land, including land speculation, lead to the rising cost of urban land and work to limit the amount of land available for housing and urban development. Land prices may make the social programmes needed for society including housing for the low income families next to impossible and the methods in which land is held may restrict the amount of land available at a location for a given use such as low income housing. The high cost of urban land makes up a considerable portion of the cost of housing. The proportional share of the cost of land in the final cost of housing differs according to the size of cities and the density with which the housing units are constructed. Available data³⁹ shows that between the 10 year period of 1957-1967 the proportion of land costs in total housing expenditure in Seoul South Korea, for example, increased from 20 percent to 50 percent in low income areas. In 1967 the same proportion in the better locations of the city was between 70-80 percent. In the mid 1970s in metropolitan Lagos, on the other hand, land costs were 3-4 times construction costs. In 1973 in Israel this proportion in the metropolitan area of Tel Aviv was between 35-55 percent. In Iran, moreover, prior to the 1979 revolution the ratio of land price to housing cost increased from 48 percent in 1972 to 66 percent in 1976.⁴⁰

The rising cost of urban land is forcing the construction of higher density residential areas for low income families in the cities and therefore producing congestion in various parts of

urban areas. When coupled with poor housing construction and lack of access to adequate services, which is the case in many low income areas of developing countries, such congestion can lead to overcrowding and very poor housing conditions.⁴¹

In this respect Penalosa⁴² states:

"To solve the housing problem, particularly that of the poor who have migrated to the city, becomes an impossible task for the government of a poor country when land prices are constantly rising. As a result chaotic squatter settlements arise that lack all services, recreational areas, and other amenities. But when such settlements have become a fact, even the best government intentions and funds can do little to turn them into adequate living environments."

In addition buying up and holding vast land reserves by private developers has had a major negative impact on the low income housing shortage in developing countries during the past decades.⁴³ This was a form of inflation proof investment which forms part of the economic strategy of the private sector which was followed by a freezing of private land reserves and considerable difficulty in access to land. While this considerably worsened the housing situation of the urban poor, it made great profits for the developers by greatly increasing land prices.⁴⁴

Consequently, it has been argued that the governments could speed up and increase the supply of land for housing the low income people by concentrating on the acquisition or mobilization of land supplies and the provision and delivery of basic

services.⁴⁵

The participants of a UN seminar of experts on land for housing the poor in Tallberg, Sweden, for example, concluded that the main priorities involve a need for the establishment of an effective programme for acquiring, processing and delivering land in sufficient quantities to meet the demand for housing and urban development.⁴⁶ In order to achieve this goal it was considered essential that a sufficient degree of command of the land market should be obtained by governments to ensure a continuous supply of appropriately located land which is accessible to low income families.

The increasing apparent inefficiencies and inequalities created by the land market has caused the expansion of public control of urban land in recent years in many developing countries. In this regard a UNCHS⁴⁷ statement declares:

"Public ownership, transitional or permanent, should be used, wherever appropriate, to secure and control areas of urban expansion and protection; and to implement urban and rural land reform processes, and supply serviced land at price levels which can secure socially acceptable patterns of development."

Public intervention, however, has not been limited to public ownership of land. Rather it has involved several measures which include the following:⁴⁸

a) Taxation measures allowing the recapture of increased value resulting from the expansion of urban areas, land use changes or

local services. This could be in the form of land or money.

b) Strengthening measures to make land use planning more efficient at the regional level.

c) Encouraging the development of vacant land by special measures.

d) Servicing urban lands by replotting them through land readjustment schemes.

e) Limiting the amount of land which can be privately owned and the public acquisition of the excess land.

f) Granting of tenure rights to squatter settlements.

All these mechanisms increase public control over the private urban land market and enable governments to acquire and supply urban land according to social requirements either indirectly through taxation and special measures or acquisition powers. The degree to which such techniques are enacted in each country depends on the special circumstances of these countries such as the level of urbanisation, the degree of urban land shortages, the balance of power between private landed interests and public agencies, the historic development process of the land market, the judicial powers, technical and administrative capacities of institutions dealing with urban land policies, and local customs and traditions with regard to urban land, etc.⁴⁹ On the whole,

therefore, it can be stated that interventions are in the main politically and technically difficult to introduce and enforce.⁵⁰ In this regard it must be emphasised that political support for any new intervention is just as important as the technical aspects of any proposed solution.⁵¹

4.5. Conclusion.

This chapter has outlined the nature of land as both a private commodity and natural resource or public good. It has been shown that the unique characteristics of land are such that as a private commodity it lends itself easily to the inefficiencies of the private market particularly that of speculation, monopolisation, and private individual decisions concerning the use of land which may limit or be contrary to the social requirements of urban land. Individually or in combination these inefficiencies can lead to putting suitable affordable urban land beyond the income capacity of low income households, causing urban sprawl and an unbalanced urban growth and hindering needed public urban development projects due to the high price of, and lack of access to, vacant privately owned land. Consequently, the public nature of urban land gains prominence and some form of public control over land becomes necessary to ensure the fulfilment of its social requirements.

In any case while recognising the effects of all the above-mentioned control mechanisms on the availability and price of urban land, this thesis is mainly concerned with the effects of changing the pattern of land ownership through limiting private ownership of urban land and public acquisition of the excess land which is one of the main methods of public acquisition of urban land. This is done on the basis of the author's extensive experience with the urban land policies of Iran after the 1979 revolution when a comprehensive Urban Land Law for limiting

private ownership of urban land and public acquisition of the excess land was enacted. Consequently, it is pertinent to expand up on the general aspects of public acquisition of urban land in order to establish a framework of reference for the analysis of the Iranian case. This task is carried out in the next chapter and will include brief examinations of the experience of urban land acquisition policies in Sweden and India which can be useful guides for international cross country comparisons with the main geographical area of this research. In the former country one of the most comprehensive, well implemented, and longest running programmes of public acquisition of urban land has been in effect in an overall capitalist economy. In the latter an urban land policy has been implemented since 1976 which is similar to the Iranian case in terms of the limitation of the private ownership of urban land and government acquisition of the excess land.

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2. Ibid.
3. Ibid and Doeble, 1983b.
4. Ibid.
5. Ibid, Satterthwaite, 1983, and Baken and Van der Linden, 1992.
6. Darin-Drabkin, 1977, op cit and Doebele, 1983b, op cit.
7. Ibid.
8. Oberlander, 1985, op cit.
9. It should be noted that according to the neoclassical economic theory perfect information of the suppliers and consumers with regard to the costs, benefits and quality of a product is one of the basic pre-requisites of an efficiently functioning market.
10. Lim, 1987, p24.
11. United Nations, 1975.
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14. McAuslan, 1983.
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5. PUBLIC ACQUISITION OF URBAN LAND AND ITS DISPOSAL: A BRIEF LOOK AT THE EXPERIENCE.

This chapter briefly examines the general aspects and the main methods of public acquisition in the private urban land market. In addition attention will also be given to the experience of Sweden and India as two selected countries which have carried out extensive and long running programmes in public acquisition and disposal of urban land in order to ascertain their achievements, problems and shortcomings. This is necessary to provide a framework for comparison between these countries and the Iranian experience which forms the main area of concern for analysis in this thesis. Consequently, this chapter will aid a more comprehensive analysis of the area of investigation of the thesis.

It should be noted, however, that while in the examination of the main methods of public acquisition of urban land reference is made to examples of several developing countries, the main case for further examination is provided by India. This is due to the fact that the Indian experience is closely related to the Iranian case in terms of the type of Urban Land Act that was enacted in that country. Similar to the Iranian case, the Indian Urban Land Act set a ceiling limit on the amount of private ownership of urban land and the remainder was subject to government expropriation. Consequently, this case provides a much more relevant and interesting comparison than the other cases where the emphasis of the related laws were slightly different. Furthermore, the available literature was also rather poor with

regard to information on the experience of the other countries. Consequently, a more detailed examination of these other cases would have been rather difficult on the basis of the available data.

The remainder of this chapter is divided into four main sections. The first section examines the main methods of public acquisition of urban land in the private market. The second section briefly describes the Swedish experience in government intervention in the land market. The third section will carry out a relatively detailed examination of the Indian experience. This section is itself divided into two other subsections which deal with the main limitations and constraints and the results of the Indian Urban Land Act. Finally, the fourth section will provide a conclusion for the analyses of the examined cases.

5.1. Public Acquisition Of Urban Land.

To varying degrees public acquisition of urban land is accepted and practised in all countries of the world.¹ The most common reason for public acquisition of private urban land is obtaining land needed for urban development projects such as the provision of the main city infrastructure. In this regard in almost all countries the public authorities are responsible for ensuring that an adequate system of basic infrastructure of roads, railways, sewage, water, electricity, recreational areas, educational establishments, etc, are provided, particularly in urban areas. To different degrees such a system of infrastructure and services are essential both for the overall economic and urban development in all countries. Consequently, public authorities must be able to acquire such land from their private owners. The methods used for such acquisition can range from the free market purchase of such land in the open market to compulsory expropriation.² However, as already stated, public acquisition of urban land can form part of a much wider land policy which may be designed to counter the inefficiencies of the private land market such as excessive land speculation, ensuring more rational general urban development according to predetermined objectives and increasing equity by expanding the access of lower income populations to suitable housing land.³ In this regard one of the main reasons for public acquisition of private land in both developed and developing countries has been large scale social housing projects, either in the form of direct construction of public housing as in Sweden or sites and services

programmes as in many developing countries.⁴

The main forms of government land acquisition are public acquisition in the market, compulsory acquisition, land pooling or readjustment schemes, and land ownership ceiling limits.⁵ These techniques are discussed below.

a) Public acquisition in the market.

Under this technique public authorities or their agencies can acquire land by entering the market in the same way as any land developer or individual and buy land which is available in the market at its asking price. The main problem in this technique is the cost of acquisition to the government. This is particularly the case when well located land and/or land for low income housing projects is required.⁶ Acquiring cheap land on the periphery of cities can reduce costs but it is often unsuited for many public purposes including low income housing due to its distance from employment opportunities and main city activities.⁷ In addition many land owners in developing countries may be unwilling to conduct official commercial land transaction with the government due to the fact that their land ownership and profits will become a matter of public record where as in transactions between private parties false figures may be recorded.⁸ Furthermore many developing countries lack a vigorous private land market where titles and the true value of land may be difficult to ascertain. In Thailand, for example, the National Housing Authority (NHA) has no effective compulsory acquisition

power and must acquire all lands through public bidding in the market whereby it publishes the list of its required land and waits for land owners to offer land for sale in response to its invitation.⁹ The NHA then takes months or even years before it is satisfied that the asking price of the land owner is justified. After months of deliberation over the justification of the price the Authority is often confronted with an escalation of the original price from the land owner due to inflationary pressures.¹⁰ Consequently the NHA in Thailand is facing many problems in acquiring its land requirements.¹¹ An alternative to buying land on the private market is for barter or exchange of land already owned by the government for private land that is required by the government.¹² Many developing countries including Guatemala, Peru, Chile, Mexico, India, Egypt and Hong Kong allow such a practice as a method of acquiring necessary land for public projects.¹³ It should be noted, however, that this technique itself implies the prior ownership of valuable land by the government which can be acceptable to private owners of the required lands. This may be limited in many developing countries which have not implemented extensive land banking methods.

b) Compulsory Acquisition.

Virtually all governments regardless of their political and economic orientation have some powers of compulsory acquisition of private urban land.¹⁴ The difference between them lies in the extent to which these powers are used, compensation determined

and the duration taken for the acquisition process. In many countries, where private ownership of land is dominant, compulsory acquisition is faced with strong opposition from powerful landed interests which also have political influence and often create long delays in the whole process of acquisition and obtain such high levels of compensation that make the land too expensive as far as low income housing projects such as sites and service schemes are concerned.¹⁵

In an effort to solve this problem some countries have introduced laws that allow compulsory acquisition of urban land at below market prices. This has been used in several scandinavian countries including Sweden where the level of compensation has been set at the value of land 10 before the decision to compulsory acquire the land is taken.¹⁶ The enactment and implementation of such measures may be more difficult in developing countries where private landed interests are much more powerful.¹⁷ Nevertheless, some developing countries have also adopted such measures. An example of this can be found in Delhi where about 50,000 acres of undeveloped land were notified for public acquisition in 1959 and their compensation value was set at the market price of the date of notification.¹⁸ In some developing countries while laws for compulsory acquisition exist they have such complicated procedures that they are rarely used. In Fiji, for example, acquisition can not take place without the approval of a court or judge which are often divorced from the realities of providing land and services for the urban poor and predisposed to the rights of private ownership.¹⁹

Finally, another form of compulsory acquisition of urban land is nationalisation. This technique differs from other compulsory acquisition procedures in that it relies on general laws which are more sweeping and transfer broad categories of land to the government.²⁰ Some developing countries such as Tanzania, Ethiopia, and Zimbabwe have adopted this measure as a method of controlling land use.²¹

It should be noted, however, that even when laws for compulsory acquisition are enacted and implemented it does not necessarily benefit the low income groups. In Delhi, for example, while large amounts of land have been acquired or available for acquisition by the Delhi Development Authority (DDA) the available data shows that shows that the DDA mainly used its acquired land for making profits by auctioning at high prices to upper income groups. Indeed through the 1960s while 50 percent of the allocated land was sold to the high income groups only 11 percent of the acquired land was allocated for the housing needs of the low income groups and during.²² Furthermore, the share of low income groups was continuously declining in such a way that it declined from 55 percent in 1961-62 to only 2 percent in 1971-72.²³ Similarly, in some other countries the poor have been the main victims of lack of payment of compensation for compulsorily acquired land. Examples of this can be found in Tanzania and Nigeria where extensive compulsory acquisition of land was carried out for the construction of Dodoma and Abuja the new capitals of these countries with inadequate and delayed compensation payments to the poor peasants whose lands were

acquired.²⁴ On the other hand even nationalisation has not been able to solve the problems of access of low income groups to suitable urban land for housing in the countries that have implemented such a policy. For example in Tanzania, Ethiopia and Zimbabwe where land nationalisation has taken place the problem of lack of access of urban low income groups to suitable land for housing has remained since squatting and illegal invasions of urban land seem to occur with the same frequency as their neighbouring countries where such a law has not been enacted.²⁵

As a result it may be stated that the mere existence of laws regarding compulsory acquisition are not in themselves adequate for their effective implementation or the improvement of the housing situation of the low income groups in developing countries. The realisation of these objectives requires clear and unambiguous commitment of government both for the implementation of these programmes by giving the related public agencies the support and power to negotiate with the land owners and enforce these policies, strengthening and streamlining administrative and legal procedures to shorten acquisition procedures and finally unambiguous support and clear guidelines for using the acquired lands for the benefit of low income groups.

c) Land pooling and Readjustment.

This technique has been widely used in Japan, Republic of Korea and Taiwan and relies on voluntary or compulsory land contribution by the private sector and land servicing by the

public sector. Accordingly public agencies can acquire an area under different ownerships and rationalise the land holding patterns, provide infrastructure and services and then reallocate the land according to the percentage share of original contributions. The public agency recovers its costs either by retaining an agreed portion of the share of the land within the area or by charging the landowners.²⁶ In this regard a site plan which can be prepared by the government side or the landowners subdivides the parcel into streets, parks, schools, and sections for other uses including private housing.²⁷ It should be noted, however, that the area devoted to public services is usually between 15 to 25 percent of the total area.²⁸ The cost of servicing the public and private areas, as well as the probable value of the serviced sites on the private market, is then calculated and on that basis the share of the government side which is necessary for recouping the costs of the service provision can be determined.²⁹ Land readjustment has several advantages including the elimination of delays and political tensions associated with compulsory acquisition. Its limitation, however, lies in the fact that relatively limited amount of land can be retained by the government which limits its use for expanding other activities including low income housing provision and requires a relatively efficient system of cadastration or title registration, an adequate body of well trained and objective real state appraisers, and highly skilled negotiators and administrators.³⁰ It may be due to these limitations that the experience of land readjustment in some of the less developed countries such as Kenya have not been successful.³¹

d) Land Ownership Ceiling Limits.

Under this technique a ceiling limit is set over the amount of vacant urban land that any individual can hold and the land over that ceiling is expropriated by the government.³² This technique has been used in several countries including Bolivia in the early 1950s, India since 1976, Nigeria since 1978 and Iran since 1979.³³ As stated earlier the examination of the Iranian experience of limiting private urban land ownership is the main subject area of this thesis and will be discussed at length in the following chapters. Nevertheless, it can be stated here that the available data shows that apart from the Iranian case the experience of limiting private ownership and acquiring the excess urban land in the other countries has been largely unsuccessful.³⁴ The main reasons for this have been loopholes in the related Acts itself, inadequate government commitment in enforcing the Acts and administrative difficulties and shortcomings in implementing the policy. According to the Nigerian Land Use Act, for example, the limit for the ownership of urban land for any private individual is 5,000 square metres.³⁵ This amount is so large that it has been argued coupled with other loopholes through which land owners could gain exemption that law has had little effect on providing land for the low income groups.³⁶

In Bolivia, on the other hand, a decree was issued in 1954, permitting individuals to own one hectare of urban land. The excess land was subject to expropriation by the municipal

governments which was then subdivided and sold to workers and middle income groups who did not possess sufficient urban land for housing construction. In practice from the total households of La Paz city only three to four thousand families or 5 to 15 percent of the population benefitted from this Act. The law was applied only in two cities, the Capital city of La Paz and in Cochabamba, and its effective life was only two years. Thereafter the urban land market became open again for private citizens.³⁷ India also introduced an Urban Land (Ceiling and Regulation) Act in 1976 which was applied in 73 towns and villages. The act imposed a ceiling on vacant land ownership within urban agglomerations, ranging from 2,000 square metres in the smallest towns to 500 square metres in metropolitan cities such as Delhi, Bombay, Calcutta and Madras.³⁸ The Indian experience, however, has not had much success in its objectives which were the imposition of a ceiling on vacant urban land, the acquisition of land plots in excess of the ceiling limit, the regulation of building on these land plots, the prevention of land speculation and profiteering and finally the redistribution of land equally to serve the common good.³⁹ The Indian experience will be examined in greater detail in the following sections of this chapter. This is because among the stated countries, except Iran, the Urban Land Act of India can be said to be the most ambitious and comprehensive Act which has been applied on extensive basis in the country since its approval by the government. Consequently, while bearing in mind the particular conditions of India, a more detailed analysis of this experience can provide a more general guide to the limitations and potentials of such

Acts in the context of developing countries as a whole and can serve as a good case for comparison with the Iranian experience which is the main subject area of this research.

In any case there are many ways through which the supposed effects of limiting land ownership by private individuals can be negated by the landowners. For example landowners can register their land under the name of other members of their families, or under a corporate name. Furthermore where legislation is made retrospectively for imposing a limitation on ownership, with the resulting surplus land to be transferred to public ownership, the result can be a freezing of the land market which has led to many long drawn out appeals in the courts.⁴⁰

5.2. Public Intervention In The Land Market: The Swedish Experience.

Local municipalities in Sweden are responsible for constructing dwelling units in accordance with the government welfare housing policy programme for almost all sectors of the population. The implementation of such a housing programme requires guaranteed supply of land when and where necessary. Consequently, local municipalities have the right to acquire agricultural and vacant land in and around urban areas through various means.⁴¹

The methods of land acquisition by the government include acquisition by prior agreement, expropriation, and priority purchase right. Since 1972 the expropriation of land can be achieved by the municipality just showing that a particular parcel of land may be required for planned community development. Prior to this date the municipalities could only expropriate land if it could be shown that it had a firmly established function in urban development plans. As a consequence of this change "landowners have almost completely lost the right to dispose of their land in cases involving a change in land use."⁴² On the other hand priority purchase right means that the municipality has priority purchase right over such real state as is required for planned future development. Furthermore, there is also provisions for compulsory reporting whereby the municipality must be given early information of all real state transactions by the parties involved.⁴³

Most land acquired by the municipalities is held by them

indefinitely under a leasehold system which was first introduced in Sweden in 1907. The land is then leased to private users for certain periods depending on the use of land. Since 1953 the first period is for 60 years and the successive period 40 years unless a longer period is agreed upon. If the land, however, is for use other than residential the leasehold period can be reached for shorter periods although not less than 20 years. The price set by the municipalities for such acquired land is what it was 10 years previously with a certain allowance made for inflation. If a dispute arises the matter of compensation can be settled by courts which put a severe test on the landowner to prove that the current price is really higher than what the government is prepared to pay.⁴⁴

Municipal land acquisition in Sweden is mainly financed through government loans which must repaid by the municipalities. As a result the municipalities must charge the private users an adequate amount for the use of land in order to repay the loan. However, in an effort to prevent the municipalities themselves acting on profiteering motives which would drive up land prices they are constrained as to the amount that they can charge. In this regard the municipalities are only able to charge the developer according to prototype costs developed for various types of buildings in different parts of the country. If the developer is charged more than these prototype costs then government loans to the municipalities is terminated.⁴⁵

Available data shows that in the Stockholm region from 1967 to

1974 land prices on the outskirts increased by about 7 percent yearly. In the central residential areas this increase was about 6.5 percent yearly and in the Central Business District about 7 percent yearly. These rates of increase of about 6-7 percent per annum are relatively low in comparison to other countries. For example in Germany the same rate was 11 percent yearly between 1962-1968, in France 18 percent yearly between 1950-1966, in Italy 15 percent yearly between 1950-1962, in Spain 20 percent yearly between 1950-1969 and in Israel 20 percent yearly between 1950-1968.⁴⁶ In this regard Drabkin⁴⁷ writes:

"Obviously the level of land prices and the trend of land-prices development are influenced by many factors and not only by land policies; but keeping in mind the very high rate of GNP increase in Sweden and the rate of population increase in the Stockholm region, it might be suggested that land policy played a dominant role in the relatively low rate of land price increase and the low level of land in housing costs in comparison with other European countries."

Another lever used for the control of land prices and encouraging the use of public owned land by the private sector is government subsidy and financing for development on land which is known as State Housing Loans (SHL). Such subsidy and financing is only available to those developments which are built on public owned land. Consequently, housing that is not built on municipality land is at a considerable disadvantage in the Swedish housing market.⁴⁸

The combination of strong alienation powers of local authorities

for building up advance land reserves, restricting the profiteering activities of the private land owners through land speculation and the financial incentive for housing development on municipal land has been highly successful in keeping land prices stable and also increasing housing output and quality. The local authorities have statutory powers to build up land banks for 7-10 years urban development requirements which takes much of commercial urban land out of market speculation and can make it available for housing development under public sector provision. In addition, the government provides State Housing Loans (SHL) for builders which is up to 30 percent of the mortgageable value of the house at below market interest rates. This loan, however, is provided on the condition that they agree to conditions laid down by local authority contracts which specify when, how, and where the housing is to be built, together with its final price. In addition the land price element has to remain at cost price. The majority of SHL housing was always on government land and after 1974 a condition of the loan has been that all such housing was to be on government land. The scheme itself has been highly successful with over 87 percent of completions between 1940-1980 using it.⁴⁹ Consequently since easy access to land development gain and speculative profits is blocked off the building industry in Sweden has been pushed towards earning its profits through higher efficiency, higher quality, increased productivity, and reduced costs.⁵⁰

On the whole, therefore, it can be concluded that the Swedish experience of strong acquisition powers and extensive advance

land acquisition by the local municipalities in the urban land market has been highly successful in keeping urban land prices stable and rationalising urban development and expansion. It should be noted, however, that the housing policies of the Swedish government for the 1990s is changing with a view to reducing housing subsidies and public housing programmes.⁵¹ The effects of such a change in housing policy on the Swedish urban land market remains to be seen.

5.3. An Introduction To The Urban Land (Ceiling and Regulation) Act Of India.

The urban land (Ceiling and Regulation) Act was enacted in 1976 in India. It was aimed at curbing land price increases and speculation, and promoting low income housing through socialization of urban land.⁵² At the time the Indian government was faced with a shortage of land for housing specially low income families in urban areas, as well as other public purposes. Consequently the objective of the law was to make land available at reasonable prices to the stated users.⁵³

The act has been made applicable to all cities with populations of 300,000 and above in many states of India and in a few other smaller cities which had high growth rates of population as well. On the whole the Act has been applied to 73 cities and prescribes limits to individual holdings of vacant land in these cities and their surroundings which is up to 5 kilometres outside the city s of the net average of annual income from the land during five consecutive years. On the other hand if the excess land had not produced any income no income the government was responsible for fixing a price on the basis of various factors including location, price of land in the past 20 years, etc. It should be noted, however, that a maximum range of rate of compensation of Rs.10 to Rs.5 per square metre, were respectively fixed for cities with populations of more than a million, including metropolitan centres, and the smaller cities respectively, by the central government. The total amount of cash compensation was specified at 25 percent of the total compensation and made

subject to a ceiling of Rs 25,000. The rest could be in negotiable bonds which was recoverable after 20 years with 5 percent annual interest.⁵⁴

The state government, moreover, has complete power over the use and method of disposition of the acquired land which could be reserved either for future use or for public benefit. Some institutions and groups such as national and state governments, local authorities, certain institutions such as insurance corporations, industrial finance corporations, public charitable or religious trusts, co-operative societies, educational institutions and foreign diplomatic trusts, etc, were given exemption by the Act. Those landowners who intended to use their excess land for either public purposes or the provision of low income housing were also exempted from the provisions of the Act and were allowed to allocate their land for these purposes with specified conditions provided by each state government. Moreover, in cases where the land has been vacant due to demolition of buildings or property the owner may be permitted to retain his excess land.⁵⁵

In addition to imposing a ceiling limit the Act also includes limiting the size of future housing units that could be built on plots of land and regulating the transfer of urban property. Consequently, the transaction of vacant urban land or urban property was forbidden unless the written permission of the previously stated *Competent Authority* was obtained. Furthermore, similar to the powers of local municipalities in Sweden the

authority was also empowered with preemption rights in cases where land or property was on sale. Finally, in an attempt to control luxury residential construction the Act has imposed a maximum plinth area of 300 square metre for the metropolitan area and cities with populations over one million, and 500 square metre for the smaller cities.⁵⁶

5.3.1. The Indian Experience: The Main Limitations And Constraints.

As noted before, the Urban Land (Ceiling and Regulation) Act was enacted in 1976 in India to ensure orderly urban development, to curb speculation and rapid price increase of urban land and to promote low income housing construction. According to the available literature a number of limitations were encountered during the implementation of the Act. These were either caused by inherent limitations of the Act or institutional factors. Some of the more important limitations are outlined below.

1 - Lack of clear cut land holding records.

In this regard in practically all the cities concerned, apart from Bombay, there is a lack of up to date and adequate land records. Consequently, the Absence of any systematic documentation of urban land holdings has been a serious obstacle in the smooth implementation of the Act.⁵⁷

2 - The Shape of Vacant Land.

Landowners are allowed to decide which piece of land under the ceiling limit they can keep. As a result they have the ability to leave the excess land in a shape which may be difficult for future housing and other development by the government. This has created a practical difficulty relating to land use of the excess lands.⁵⁸

3 - Obstacles on Bulk Acquisition and Development.

Land plots which are acquired by the government under the Act may be highly fragmented and scattered since they are the excess amount which are in addition to the set ceiling limit of the existing plots.⁵⁹ This would create difficulties in assembling large tracts of land in one location which would then hinder government plans for undertaking large scale development projects in certain areas.

4 - Absence of Clarity in the Exemption Clauses.

The reasons for exempting land from the provisions of the Act do not have adequate clarity. As a result exemptions have become subject to different interpretations of the same clauses by the different Competent Authorities. The result of this has been that exemptions are mostly granted on a political level.⁶⁰ In many areas the extent of exemptions given to industrial, educational, health and other public facility institutions seems to have been

in conflict with the provisions of development plans for those areas. In addition the granting of exemptions to commercial builders, large scale property owners and fake cooperative societies was contrary with the expected results from the stipulations of the Act.⁶¹

5 - Unrealistic Standards for Low Income Housing.

The standards that have been set for the construction of low income housing which exempts the lands from the provisions of the Act are too high. In this regard under the Act stipulates a plinth area of 80 square metres for the classification of a dwelling unit as low income housing. Consequently, the construction of such units enables the land owners to be exempted from the provisions of the Act as it is deemed that such land is used for the expansion of low income housing. However, in reality the effective demand of the lower income populations is too low for affording such standards. It is interesting that the National Building Code of India, in fact, allows a building plot as small as 25 square metres in metropolitan areas.⁶²

5.3.2. The Results Of The Implementation Of The Act.

The practical achievements of the Indian Urban Land Ceiling Act both in terms of its main objectives of the amount of acquired land, promotion of low income housing provision and combating excessive urban land prices have been mainly disappointing. In this regard the difficulties and limitations encountered during

the implementation of the Act, which was presented before, have inhibited its success and has led to results which are contrary to the original objectives.

In this respect the record of the government in terms of acquisition of excess land has not been very encouraging. The main reasons for this is a combination of lack of adequate financial and administrative preparation of the government for the implementation of the Act and excessive exemptions granted by the various competent authorities.⁶³ As a result by 1981 only 1,925 hectares or 2.02 percent of the total 95,000 hectares of excess urban vacant land had been acquired.⁶⁴ During the same time the government has used the various loop-holes of the act to already exempt 42.5 percent of the land from acquisition while "a mountain of applications for more exemptions are pending with the government for processing".⁶⁵ By 1984 the percentage of acquired excess land in relation to the total amount of excess land had reached 6 percent⁶⁶ and by 1990 it had only reached 8.87 percent while 75 percent had been exempted.⁶⁷ It should be noted, however, that the extent of success or failure of land acquisition varied across different cities. By 1990 in Delhi, for example, only 2 hectares of vacant urban land had been acquired. During the same time the Ahmadabad Development Authority, on the other hand, had acquired 58.5 hectares and the most successful Indian city in terms of land acquisition had acquired 440 hectares of vacant land.⁶⁸ In this regard it should be explained that lack of funds for carrying out acquisitions has certainly played a part in the low amount of acquisitions in India.

However, as some authors⁶⁹ have already noted lack of funds itself goes back to insufficient financial preparation by the government in the first place. Moreover, inadequate availability of funds does not justify the above mentioned scale and speed of exemptions granted by the government to land owners which can be attributed more to the influence of big land owners, corruption of implementing agencies and general unwillingness on the part of local and central authorities to strictly and fully implement the Act rather than any other issues.⁷⁰

It has also been argued that since the implementation of the Act there has been a continuous rise in the price of urban land in the different cities of India.⁷¹ In this regard the ban on the transaction of surplus land and restrictions on the transaction of exempted land drastically reduced the supply of land in the market. This reduction of supply of land for private development causes a continuous increase in the market price of land which has been exempted by the Act.⁷² In this respect before the implementation of the Act during the 1950s and 1960s the increases in urban land prices in most areas of India had been relatively moderate both at the city centre and the Periphery. However, after the implementation of the Act in 1976 in Ahmadabad, for example, the increases in the price of fringe land, which was mostly exempted under the Act, had been sharper than price increases of land in the city centre. It should be noted that in the same town prior to the implementation of the Act the relevant price increases had been much lower in both areas.⁷³

Another objective of the Indian Urban Land Act which has had insufficient realisation is the promotion of low income housing provision. In this respect India is faced with a severe housing shortage due to a high rate of population increase and steady rural urban migration. This is particularly acute in urban areas where 80 percent of the population are considered to be poor.⁷⁴ If implemented correctly, the Indian Urban Land Ceiling Act has many potentials for expanding the provision of low income housing in India. This is particularly the case when considering that the cost of acquiring the excess lands under the provisions of this Act is practically negligible.⁷⁵ The exemption clauses of the Act, moreover, can be used by the government to induce the private sector to expand their low income housing production. In practice, however, the Act has not had this desired effect. Indeed, by 1990 only 621 hectares of land which was only 0.37 percent of the total available vacant urban land in the country had been allocated for low income housing provision. On the other hand the unrealistically high standards which were set for the classification of low income housing units, i.e., 80 square metre plinth area, meant that even the exemption clauses of the Act for encouraging landowners to develop low income housing units was not useful for the low income population. This is because on average such a plinth area was about twice the affordability limit of the low income households in India.⁷⁶ Consequently, while some landowners may have been exempted by the construction of such housing units on their land the benefits would have gone to the middle and higher income groups rather than low income households. The private land market itself, moreover, was also

inhibitive to the urban poor due to the existing, and rapidly increasing, high prices in the private market which was mentioned previously.

Finally, it must be stated that one of the main reasons for the failure of the Indian Urban Land Ceiling Act must be sought in its management problems. Indeed the correct and full implementation of the Act in India, i.e., land acquisition and allocation in the required scale and with different conditions, would inevitably require enormous administration and management skills and has many inherent problems. The problem, however, is accentuated by the lack of an adequate number of well qualified technical staff and the sluggish nature and cumbersome process of public administration procedures in India.⁷⁷

Other authors, on the other hand, have argued that the two supposed aims of the public land banks in India, i.e., generation of revenues for further urban development and the provision of housing and employment for the urban poor are in contradiction with each other.⁷⁸ This is because there will be a tendency for public development authorities to become land speculators themselves with only a very minimum portion of their revenues going to house the urban poor. In this respect with regard to the Delhi Development Agency, DDA, it is stated⁷⁹:

"DDA's profits accruing from land sales (residential plots above 170 square meters and all land for commercial use are auctioned to the highest bidder) have largely gone into the development of city forests, the construction of expensive and prestigious buildings (including its own multi-storey office

block), and now into the construction of stadia, flyovers, etc, for the Asian Games to be held in 1982. Only a very small part of DDA's own resources has been used on projects beneficial to the poor."

Furthermore, it is pointed out that the DDA's activities have been "nothing short of looting"⁸⁰ whereby in some locations DDA has paid the original owners Rs.2.9 per square meter and have then sold the land for Rs.3,225 per square meter. These displaced people it seems were not rich landlords but poor peasants surviving on the fringes of the city. As a result, it is concluded that, as "long as land can be used for speculation",⁸¹ its public or private ownership is immaterial to its rational need-based distribution.

5.4. Conclusion.

This chapter has examined the main methods of public acquisition of urban land with reference to the experiences of many developing countries. In this regard it can be concluded that as far as developing countries are concerned all the main methods of public acquisition, with the exception of land readjustment schemes in Korea and Taiwan, have faced many problems and shortcomings. The main reasons for this stem from political shortcomings which relate to inadequate government commitment to the implementation of these policies and influence of landed interests, administrative and institutional shortcomings which relate to a lack of an adequate number of trained and committed professionals and institutions including cadastral problems, and inherent shortcomings in the Acts and policies themselves which are in some cases loosely defined and include many loopholes which renders them ineffective even if they were to be implemented seriously. To these must be added legal problems which relate to contradictions between land acquisitions and other laws and financial problems which limit the capacity of the governments for the carrying out the set acquisition programme, for example in terms of payment of compensation.

While taking in to account that India is one of the more developed countries in terms of its legal, administrative and institutional structures its example is perhaps a case in point of problems that can be faced in implementation of such laws in developing countries. As shown the main reasons for lack of any

tangible positive results in achieving the stated objectives of such policies has been the lack of adequate government resolve, lack of clearly defined implementation procedures, legal loopholes, administrative failures including insufficient development of the cadastral system, and the influence of private landed interests. Consequently it may be stated that as the case of Sweden has shown, albeit with a slightly different emphasis in the implemented policy, the success of such policies in developing countries requires certain political and administrative preconditions which would cancel the influence of private landed interests, create adequate administrative back up for the implementation of the policy, and give adequate resolve to the governments for closing loopholes and basing the policy on sound socio-economic study of the particular conditions of each individual country.

The remaining parts of this thesis will now examine the implementation of such a policy in the context of Iran, where, it may be argued, the change of government due to the 1979 revolution was effective in creating most of the stated preconditions for the successful implementation of the Urban Land Law in the country.

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6. OWNERSHIP AND URBAN LAND IN ISLAM.

This chapter examines the basic principles of Islam with regard to ownership in general and their effects on urban land ownership in particular. The objective of such an examination is to show that these principles lay the legal foundation for Islamic governments to make effective interventions in the urban land market in order to serve the interests of society as a whole.

The chapter itself is comprised of three main parts. Part one carries out a general and brief examination of the Islamic concept of ownership and general economic relations and looks at the basic principles of land ownership and other regulations affecting land owners as holders of wealth under Islamic jurisprudence. Part two outlines the basic categories of land under Islamic law and ownership rights which affect them. Finally, the third part is the conclusion to the chapter.

6.1. The Basic View Of Islam On Economic Relations And Ownership.

According to Islamic scholars¹, Islam, has its own unique economic philosophy and its own answer to contemporary economic problems. Indeed, some scholars² have even argued that the Islamic approach has superiority for solving the economic problems of society. Islam has been depicted as a religion committed to social justice, the equitable distribution of wealth and the cause of deprived classes.

In a comparison between alternative social systems it is argued that capitalism or the ideas of absolute free ownership and also collectivism and socialism or the absolute negation of private ownership are the special production of sudden and rapid industrialized development and the area in which they occurred in this century.³ Whenever, it is continued one of these two types of different economic systems, which are not compatible with each other, dominates, the other one is rejected. When one system is accepted the other one has to submit to all the provisions and effects of that system. Some Islamic scholars believe that capitalism causes tyranny and subjugation, it centralizes wealth in the hand of capitalists and deprives the workers.⁴ On the other hand in socialist systems individual freedom is limited by the negation of private ownership and instead the dictatorship of a special class is required. Therefore, it is concluded that in these societies one has to consent to the provisions of the regime, whether they allow private ownership and prescribe its provisions or that public

ownership is accepted by the system.⁵

It is then explained that as these two systems are products of special and opposite times their full realisation has not occurred anywhere in their purest sense.⁶ For example in most capitalist countries resources and industries have been gradually nationalised and in some communist countries private ownership over small factories and in some cases land were and are accepted and recognised.⁷ It is argued, however, whatever the degree of their realisation that these systems have failed to provide an adequate solution to the social and economic problems of the modern era.⁸

The basic principles of ownership and economic relations derived from Islamic ideology are deduced from the verses of the Quran and sound traditions in the principle of relative and limited ownership. According to this principle man is neither the absolute owner, nor the total possessor of the earth and its resources.⁹ He does not have the right to possess as much as he desires or to obtain material wealth in any way he may choose. The earth's wealth belongs to god and man is his viceregent on earth. Furthermore as viceregency belongs to all people, each individual is a guardian of the public trust, and his ownership should be limited for the public welfare. According to this analogy ownership can be defined as limited, borrowed, conditional and entrusted.¹⁰ With regard to absolute ownership by God, Gulaid¹¹, for example, states:

"The verse 'He to whom belongs The Dominion of the Heaven And Earth' indicates the all-inclusive power and authority in Allah beyond which ownership of all things on earth and in heaven can hardly transgress."

He then goes on to interpret another verse of Quran as¹²:

"... accentuate the fact that Allah is the authority itself, the owner of such a dominion and the delegator of authority. Ownership of things, therefore, cannot by virtue of this dictum go to or be shared with him by others. Only Allah has the exclusive authority to own heaven, earth and all that are in between."

Abe¹³, on the other hand, explains ownership in Islam as follows:

"... in Islamic interpretations, all property belongs to Allah and Allah some times lets individuals utilize the property. This trust from Allah is called ownership from the legal point of view, and ownership is the action which individuals take to contribute to society and to themselves as well."

The principle of limited and relative ownership of land contains general elements, aims and results of public and private relations of individuals and society with respect to Islamic principles and injunctions. These injunctions and their derivatives vary according to spiritual, material, individual and social relations and ends. However, a general principle that can be derived from these edicts is that of relative and limited ownership particularly with regard to land. In this regard Taleqani¹⁴ states:

"Ownership is relative and limited. Ownership means

the authority and power of possession. As human power and authority are limited, no person should consider himself the absolute owner and complete possessor. Absolute power and complete possession belong only to god, who has created man and all other creatures and has them constantly in his possession. Man's ownership is limited to whatever god has wisely willed and to the capacity of his intellect, authority, and freedom granted to him."

And he goes on¹⁵:

"Since the rights of individuals to possess and distribute resources differ depending on the commodities, they are not defined legally in perpetuity. That is the right of possession and revitalisation of unexploited lands is established to the extent that the act of revitalisation has been carried out and will last for as long as the land is properly exploited."

The basic injunctions of Islamic ownership and economic relations which must be applied in an Islamic society can be summarized as follows¹⁶:

1 - Land is not recognised as the particular property of anyone, neither individual nor society, and only the Imam (or the people of authority) who is the guardian of the muslims committed to public welfare has supervision over the land and other natural resources of the earth.

2 - All individuals have special and limited rights to possession of the land as long as they put them to fruitful and productive use. People also have special and limited ownership over production and goods.

3 - Ownership and activities leading to it have been formalized by specific definitions and conditions which have been provided by Islamic Jurisprudence.

4 - People must not have possession or tittle over the land which are called *Booty* or *Anfal* and *Fay*. However no one should be stopped from utilising them by the imposition of special conditions.

5 - Money and wealth must not be accumulated by a selected few individuals or one group of society because they would concentrate the necessary resources and means of life in their hands and disrupt the normal and just conditions of work and distribution.

6 - People are responsible to pay the direct and fixed taxes (*Zakat and Khoms*) when their liquid assets and wealth reach a certain level or increase within a certain time.

7 - The guardian (the man of authority or his deputies) has the right to possess wealth and levy tax (*Kharaj*) on land and natural resources based on the principle of public welfare.

8 - People can not possess the profits and wealth earned through illegal means such as usury, gambling, lottery or from transaction of harmful goods. Such profits do not constitute ownership.

9 - Finally useless and harmful expenditures are forbidden according to Islamic principles and injunctions.

These principles are based on the Quran, islamic traditions (*Sunnats*), reason (*Aghl*) and Custom (*Orf*). According to these principles man is seen to be free. However this freedom is limited by special injunctions and principles of public welfare, particularly for gaining and using wealth so that wealth does not centralize, subjunction does not occur and ruling or privilege classes do not emerge.¹⁷

It can be concluded, therefore, that the basic ethics of Islamic law on ownership and possession of wealth provide a firm legal basis for the intervention of Islamic governments to adopt and implement land policies for limiting private ownership of urban land, particularly virgin and vacant land, in an effort to solve the housing problem of low income urban households and provide easier access to suitable land for urban development projects.

6.2. Basic Land Categories According To Islamic Jurisprudence And Their Rights Of Ownership.

According to Islamic Law, land is divided into three main categories which are a) waste or undeveloped (Mavat) land, b) unrevitalised or unutilized (Bayer) land and c) cultivated or developed (Dayer) land.¹⁸

The waste, dead or undeveloped (Mavat) lands are those which have not been used before (Most land is of this type). No ownership, possession, buying, selling or transferring of these lands is allowed. Indeed according to islamic jurisprudence neither people nor governments can own these lands. They belong to god and then his representatives i.e., the Imam or the guardian of muslims.

The divine representatives perceive these lands in the same light as god sees them and with their permission and provided the land is developed limited rights of ownership for the developers remain.

The limits of development which is the source of ownership is determined by customs (Orf). But the right of possession begins with what is known to be Tahjir. The meaning of this word (Tahjir) implies that the purpose is to build a 'stone fence', or a 'wall' or similar things, i.e., clearing rocks off the land, levelling the ground , building water canals, pulling out weeds and irrigation. Therefore Muslim jurists do not believe that Tahjir should lead to ownership aside from determining the right of priority. The same injunction applies to other natural

resources such as mountains, valleys, pastures, forests and natural grazing.¹⁹

The unrevitalised or unutilized (Bayer) land, i.e., land which has a history of development but is now left to lie fallow or is in a state of ruin, is considered to belong to the whole community. As such the Imam does not have any jurisdiction to let or give it away. Community ownership originally extended over land conquered by muslims which was already cultivated or developed and the natural resources mentioned before.²⁰ In Islam public domain and community ownership appear superficially the same from the social point of view. In this respect public domain is owned by the whole community as well and the ruler has legislative status to control its use or dispose of it under Islamic law. All undeveloped land are recognised to be public domain.

Development of land alone causes right to ownership. Such a right is limited to the length and duration of cultivation or development. Therefore, there is no right of ownership for any one beyond the boundaries of cultivated areas and developed lands. If the cultivator or developer does not cultivate the land or loses interest in cultivation or demolish the establishment on the land, his ownership terminates.

6.3. Conclusion.

This chapter has made a brief examination of the Islamic concepts of ownership, possession of wealth and their implications for urban land ownership. Furthermore, different categories of urban land and the individuals' rights of ownership to them have been outlined. It has been shown that under Islamic law land ownership rights are not absolute. In fact such rights are limited and depend on the state of development of land and the amount of development carried out by the owner. Consequently, private individuals do not have any ownership rights to fallow virgin land. However, if such land is developed by them then ownership rights would ensue. Furthermore, the land must be kept in a state of cultivation or development; otherwise the ownership of the individual would again become limited and ultimately terminated.

It can be concluded, therefore, that the above mentioned basic principles on land ownership provide a firm legal basis for islamic governments to intervene in the urban land market in order to limit private ownership of undeveloped or unutilized land. Further discussion of such intervention with particular case of Iran is carried out in section III, chapters 8 and 9.

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III - THE ISLAMIC GOVERNMENT OF IRAN INTERVENED TO LIMIT THE
PRIVATE OWNERSHIP OF URBAN LAND IN AN ATTEMPT TO SOLVE
THE URBAN LAND PROBLEMS

This section includes chapters 7, 8 and 9. The section briefly explains the urban land and housing situation in Iran prior to the 1979 revolution in chapter 7 which highlights the main problems and shortcomings of land policies during this time which led to many problems in the implementation of housing policies and urban development plans and projects. The section then goes on to examine the change in policy after the 1979 revolution in chapter 8. In this regard it is shown that the 1979 Islamic revolution brought about far reaching changes in the structure of the Iranian economy. The revolutionaries came to power with an Islamic ideology that implied an economic as well as a political transformation of society.

Urban residential land, as well as agricultural land, became the focus of intensive confrontation, bitter struggle, and violent debate which began virtually on the morning after the revolution. There were three economic, political and doctrinal reasons for this situation. Firstly, the ever increasing price of urban land, land speculation and repeated changes of ownership of urban land had created problems for the provision of housing in urban areas of the country. Secondly, the land question exercised a powerful hold on the imagination of the intelligencia and on the political movements of the centre and the left. Changing the pattern of land ownership was the yardstick by which they would judge the revolutionary credentials of the government and their dedication to the masses. Thirdly, land figured clearly in Islamic jurisprudence. There existed a large body of laws relating to land tenure, land grants, land taxes, land sharing and land

transaction. Therefore, public policy on land touched on intimate subjects of Islamic law.¹

With due attention to the reasons mentioned above, provision of housing for low-income and deprived groups became the focus of attention, and the revolutionary government accorded a high priority to housing issues. "We will build homes for the poor all over the country"², it was stated on the first of March 1979, just two weeks after the revolution.

The Abolition of Undeveloped Urban Land Ownership Law provided the basis for giving the low-income and disadvantaged groups' access to affordable housing in June 1979. This was done through the provision of access of these households to urban residential land which was acquired by the government and the establishment of a specific ceiling limit for development of land in a specified period of time by land owners in the event that they did not own a suitable housing unit.

Furthermore, as stated previously, in a major extension of the measures the Urban Land Law was passed in April 1982 and the ceiling limit was expanded to all categories of vacant urban land including unutilized land. The owners of unutilized land were prohibited to subdivide or sell their excess land except to the state. As a result of all the above mentioned measures the Iranian government successfully acquired large quantities of land in all urban areas of Iran.

chapter 9, on the other hand, mainly deals with the reorganisation and adaptation of the collected data for purpose of the thesis examining the quantitative effectiveness of the policies with respect to the amount and type and number of allocations to the various categories of beneficiaries. The chapter then goes on to show that the programme of limiting private ownership of vacant urban land and acquisition of the excess land has been under way since 1979 and the Urban Land Organisation (ULO) which was set up by the government for the purpose of acquiring and allocating urban land to eligible households and organisations successfully took possession of about 85,557 hectares of vacant land during the 10 year period of 1979 to 1988.³ Out of this total amount of land that have become available to the government, about 36,000 hectares or 42.1 percent has been from undeveloped or *Mavat* land which were in excess of the ceiling limit and about 8,285 hectares or 9.7 percent the excess of unutilized or *Bayer* land which were acquired by paying compensation to the owners. About 41,279 hectares or 48.2 percent of the total acquired land have been the public lands which had been owned by various agencies and public organisations before the implementation of the programme, or were located in the periphery of the cities, which was already owned by the state.⁴

It should be stated here that about 16,829 hectares of urban lands had been recognised as unutilized land during the 10 year period of 1979-1988. However, only 8,285 hectares or 49.2 percent of them were acquired by the Urban Land Organisation (ULO) and

the owners of the rest were prohibited from subdividing or selling their land except to the state. These lands are available for acquisition by the ULO by paying compensation.⁵

Out of the total acquired land, i.e., 85,557 hectares, the government allocated just 14,163 hectares or 16.5 percent for the construction of residential and non-residential buildings. 10,789 hectares or 76.5 percent of the land allocated for the stated purpose were allocated for the provision of residential buildings and the rest , i.e., 3,314 hectares or 23.5 percent for the construction of non-residential public facilities.⁶

The total amount of land which were developed for housing by the private sector in the country as a whole during the 10 year period of 1979-1988 has been 31,658 hectares.⁷ Therefore, by taking into account that 10,789 hectares of this land were allocated by the state it becomes apparent that 34 percent or more than one third of the newly started housing units were constructed in ULO allocated land. Consequently it may be said that a substantial amount of land was allocated for the construction of low and middle income housing units by the state.

The total number of housing units which were constructed by the private sector during the stated 10 year period was 1,321,723 units while about 422,864 housing units or 32 percent of them were constructed in the ULO allocated lands.

The fact that, on the one hand, 34 percent of the total amount

of land used for housing construction during the stated period was on ULO allocated land but on the other only 32 percent of the total new housing units were built on them shows that the average plot area of housing units built on government allocated land was more than on private land.

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7. UNLIMITED OWNERSHIP OF URBAN LAND IN IRAN PRIOR TO THE 1979 REVOLUTION.

The cost and availability of land has always had an important impact on the provision of housing and urban development in Iran. The housing actions of the previous regime which were more focused on technical, financial and administrative aspects of the housing problems failed to act decisively on land issues. The past governments deliberately avoided and evaded the land issue because of the capitalist nature of the previous regime and its support for big land ownership. The big land owners and land speculators, who had always held government positions, viewed government intervention in the land market as anathema to their own interests. The establishment figures did not take kindly to a concept that threatened their investment opportunities.¹

Prior to the revolution despite Iran's low demographic density compared to many other countries of the world (30 person per square kilometre), and while there was sufficient land to meet all demand, the price of land in Iran was higher than in many other developing countries.² As stated in chapter 3, between 1975 and 1978 the average price of land in the urban areas of the country as a whole and Tehran was respectively about 45 percent and 50 percent of the overall cost of housing.³

This increasingly high price was the major cause for the high cost of construction and the acute shortage of housing. Land speculation and repeated changing of land within city limits and around them and subdivision and allotment of most agricultural

lands and speculation on them tied down large amounts of capital which should otherwise have been invested in productive fields on the one hand and unnecessarily took out many good farming land out of circulation on the other.⁴

The intention here is to argue that housing policies in Iran were influenced by private landowners in the past. In this regard particular attention will be paid to analyzing the past housing policies and their evolution in relation to land ownership, prices and market and the role of the private sector with respect to these issues.

This chapter consists of four main parts. Part one analyses the pattern and extent of private land ownership in the urban areas of the country prior to the revolution. Part two examines the effect of this ownership on the implementation of housing policies and urban development projects of the time. Part three looks at the attempts of the then government to deal with the urban land problem and part four is the conclusion of the chapter.

7.1. Patterns Of Land Ownership In Urban Areas Of Iran Prior To The 1979 Revolution.

Urban land supply and its price has always had an important impact on the provision of housing and construction of public facilities in Iran. Lack of any official restriction on the amount of land that the private citizens could legally claim resulted in some of them obtaining title deeds to almost all pieces of land which were located within and around cities. In this way some influential groups established themselves as big landowners. Furthermore, as these lands were lawfully registered by these landowners their right of ownership was respected by the government. These landowners, however, used their status for speculative activities in the land market which in turn increased the inflationary pressures on land prices.⁵

Such land was thus lost to the central government and municipalities which were obliged to pay heavily to buy them for public requirements, such as construction of public buildings, urban facilities or implementation of housing projects in the course of urban or regional development plans. Such compensations to the private landowners could be seen as a reasonable action in an orderly society. However, due to the specific social structure of Iran this concept was misused by the dominant class on any suitable occasion.⁶

The emergence of big urban landowners in Iran was the result of a dialectical relationship between the government and the influential groups in the country. As stated previously, the

historic opportunity for the landowners emerged when the government cleared the way for influential groups to take possession of, and obtain legal title deeds for, almost all pieces of vacant land around cities in the country. This group in turn influenced the urban policies of the government and affected the provision of land for urban projects.

There was not any noticeable problem with regard to urban land and its availability before the end of the second world war while land prices within city limits, specially in the expanding cities, rose steadily; the increase was not particularly sharp and was mostly reasonable. Indeed, only in very rare occasions were barren and undeveloped lands outside city limits occupied or registered by private citizens or subdivided and sold by them.

However after the establishment of the land and deeds registration office in 1927 and prior to the end of the war considerable amount of barren and undeveloped lands around cities, towns and villages were registered by private citizens who took out title deeds on them. However, in spite of this the large majority of such land still remained without them being registered by citizens nor occupied by them. Furthermore, hardly any transaction took place affecting such land.

After the second world war and the direct involvement of western countries in the administrative process of Iran the first signs of land speculation appeared in the country. This was done by

individuals who used the state of political chaos in Iran around 1946 to illegally appropriate public lands. Later due to the rapid expansion of the cities a large part of such land came within city boundaries. As a result their owners could benefit from growing demand for urban land and increasing land prices.

By the end of 1950 there were a number of big landowners who possessed a large amount of urban and non-urban lands and who in many occasions held first rank jobs in the Ministry of Housing or other decision making organisations due to their wealth, social status and political influence.

The role of government and its legislation to confirm these activities are worth noticing. The problem affecting land has its roots in the establishment of the "Lands and Deeds Registration Office" and its relevant laws in 1927 and 1931 respectively.¹ This office legally registered a considerable amount of land which were barren and undeveloped around the cities, towns and villages for some private citizens who took out title deeds on them. In other words this office issued some laws which were mainly concerned with regulating the process of private land ownership. However it failed to state that barren and undeveloped lands, forests, natural grazing land, hills, mountains, etc, were public domain which did not need title deeds to them, and thus prohibiting private application for registration and title deeds on them as personal or private property. The law also did not state that if any person wishing to develop and improve undeveloped lands they should first seek permission from the

authorities concerned or the planning offices engaged before he could do any development activities on the land and apply for registration in his own name. In this way a large part of public lands were somehow developed by private citizens and they applied for registration of these lands in their own name later. There was not any official restriction to the amount of land that one could legally claim and the right of ownership was respected by the government as far as the land in question was lawfully registered by the owners.

7.2. Urban Land And Housing Policy In Development Plans Prior To The 1979 Revolution.

The legal rights of big land owners to almost all pieces of urban land have been one of the great difficulties of the implementation of housing policies and urban development plans in Iran in the past. The government and municipalities used to pay huge amounts of money to obtain the necessary land for construction of housing projects and public facilities such as access roads, parks, public buildings and so on; which were costly and some times difficult to obtain.⁸

For the better understanding of the process of the emerging difficulties of the implementation of housing policies and urban development plans it is necessary to look at the effective factors involved. The main factors have always been the problem of big land ownership and unlimited private ownership of land. As mentioned before, until the end of the second World War, there were no noticeable problems with regard to urban land and its availability. Indeed, while land prices rose steadily without sharp increases only very rarely were barren and undeveloped lands occupied and registered by private citizens outside the city limits and boundaries. With reference to urban development plans and housing policies in Iran, which were usually drawn up in socio-economic development plans of the country, there were no indication of a specific urban land policy in the first (1949-1955)⁹ and second (1956-1962)¹⁰ Iranian national development plans. It was only after 1960 that focusing and urban development problems became an evident problem and housing shortages forced

the government to react.

As mentioned before, land speculation started in Iran around 1951, and rose to its highest level after 6 or 7 years. After a recession of a few years, land speculation started again at around 1967 and continued until the Iranian revolution in 1979. Since land is a profitable commodity and since experience had shown that profits made out of urban land by far exceeds any interest paid by banks or fixed deposits or profits of shares paid by industrial or commercial concerns, banks or any other business; the general public came to the conclusion that buying land was the best investment for personal savings.

The third Iranian national development plan (1963-1967)¹¹ did not pay serious attention to urban land for provision of housing, mainly because the private market could traditionally supply the urban land needed and the government would not accept any responsibility to do that. At the start of the third plan attention was paid to the problem of construction and housing and the provision of the minimum requirements for urban housing and the construction of urban facilities according to proper methods and standards, allowing for the special condition of Iran. Generally speaking, during the first to third development plans (1949-67), due to lack of urban land and housing policies and adequate control by government on land, a number of big land owners established themselves as the people who owned most of the urban lands and consequently became influential in the construction industry and implementation of any urban housing

projects.¹²

During the ten year period of 1956 to 1966 the urban population of Iran increased by about 4.4 million and the rural population by about 1.2 million.¹³ The rapid increase of population in urban areas, particularly in large cities, has aggravated the housing shortage problem. Large cities were faced not only with a physical shortage of housing but also with problems of quality as most existing houses were unsatisfactory and no basic improvements had been achieved.

Statistics for that period show a growing indication to build individual houses in Iran, whereas there had been no indication towards collective housing complexes. The rate of individual houses to total accommodation in urban areas was about 69.2 percent, and in rural areas it was 86.3 percent.¹⁴ In that period, about three quarters of all housing constructed has been in the form of one-story buildings. The prevalence of individual dwellings and their scattered distribution not only augmented the cost of providing urban facilities but also caused a disproportionate horizontal expansion of adequate lands for housing and inflated land prices.¹⁵

With regard to construction of housing for low income families the government did not pay attention during that period. The basic objective of the third plan as regards construction of low income housing was purely qualitative in nature and the quantity of the number of houses to be built for these groups was not

specified but deferred pending the collection of the necessary information and data relating to housing for the low income families.

During the third plan period a survey was begun to investigate the status of housing in Iran so as to coordinate the haphazard activities of public and private agencies in this field. Attention was also paid to the question of provision of housing for government employees, slum clearance and aid to private sector for housing projects. As far as the housing policies of the third plan are concerned there were no specific attention to the problem of urban land. The policies of the third plan were as follows:

- Proper supervision of all activities concerning housing and the adoption of an overall housing policy.
- The preparation of an inventory of housing requirements throughout the country and determining to what extent they could be met during the third plan.
- The preparation of financial plan, including long term loans, to meet the costs of private home construction.
- The establishment of training courses for skilled construction workers and for all individuals interested in building their own houses.

- The expansion of self help measures related to housing and by minor government assistance in such fields as making construction materials available at cost price.
- The reform of laws related to housing.

From the beginning of the implementation of the third plan various uncoordinated projects were proposed by different agencies in relation to construction of housing and approved by the Plan and Budget Organisation.

It should also be noted that in 1943 the Ministry of Development and Housing was established. Later by 1968 the Ministry of Housing and the Budget Organisation proposed their housing policies in the general framework of the fourth national development plan (1968-1972) in which the role of the private sector in providing houses was emphasised. In this regard through using the market mechanism (by means of enacting the necessary laws and regulations) the domination of the private sector in housing provision was strengthened.

According to general objectives of the fourth national development plan (1968-1972)¹⁶ and in view of the projection of an increase in the urban population of 2.5 million during this period, the number of residential units which had to be provided by the end of 1972 were estimated to be 275,000 new units (110 new units for each 1,000 additional population). The share of the private sector out of this total was 250,000 units and the

remainder was to be built by the government. As can be seen the share of the private sector was 10 times that of the government.

At the end of the Fourth plan, however, there was a housing deficit of 1.7 million units for the 2.6 million urban families.¹⁷

As far as the investment allocated during the implementation of the Fourth plan is concerned it can be stated that this was mainly in the construction of high price and luxury units rather than low income ones.¹⁸

The problem of land was not reflected in the proposed housing policies of the fourth plan. In this respect the only concern seemed to be finding a way to negotiate with the land owners in order to provide some land for institutional housing projects. That plan indicated that one of the executive policies in the field of housing was to ensure that institutional housing was allocated in accordance with the status of the occupants, to solve the problems of land ownership in some cases and to eliminate difficulties of communication and provision of urban facilities. These problems arose between the government and the big land owners when the high rank bureaucrats wanted to carry out some housing and development projects where the land price was high. This clash intensified towards the end of the Fourth plan (i.e., around 1971) due to the beginning of the Iranian economic boom which accelerated the immigration process to the cities and increased the demand for urban land. This became the

era of land speculation in which the government found itself forced to intervene in order to establish a balance between the land owners' benefits due to the increasing demand and the housing needs of civil servants of different ranks. Consequently, later Iranian housing policies became more concerned with the provision of land for housing, finding methods for controlling land prices and establishing rules and regulations against speculation.¹⁹ However, as the dominant form of land ownership was private, large scale private land owners affected the related policies and regulations by either influencing the process of decision making within the state apparatus or by controlling the land market and its prices and sometimes both.²⁰

The fifth national development plan of Iran (1973-1978)²¹ was the last plan which was drawn up and implemented by the previous regime, as soon after the Iranian revolution took place. In the Fifth plan housing policy was mainly concerned with two issues. firstly expanding the level of state control on the land market through the establishment of necessary laws and regulations. Secondly, allocating some of its available urban lands to the urban poor and implementing a number of low income housing projects which were considered to be politically urgent. Therefore, the initial target for the government was to establish the necessary regulations and then to secure enough land for its urban housing projects. As far as land price is concerned the Fifth plan indicates that due to the extra-ordinary increase of the price of urban land the provision of dwelling units became costly. Land price was estimated to be from 30 to 55 percent of

the expenditure of any urban housing project.²² Therefore, it can be argued that the problem of land provision was the main factor which made investment for low income housing provision difficult.

The housing policies proposed in the Fifth plan included the following measures in order to overcome the stated difficulties.

- The enactment of legislation empowering the government to secure the land necessary for public urban facilities such as parks, sports grounds, training centres, health centres and so on, and to reserve it for future utilization on the basis of urban development plans.

- The establishment of regulations for the imposition of a land appreciation tax applicable to owners of urban lands, the value of which had risen as a result of implementation of development projects.

- The establishment of regulations facilitating the renovation of old and unhygienic urban areas by the private sector.

- The transfer of government, municipal and public domain lands at reasonable prices or rents to housing cooperative societies or individual households and those who undertake housing activities.

As mentioned above, the housing policies proposed in the fifth

plan included some measures in order to over-come the difficulties of unlimited private ownership of land and the ever increasing price of urban land; as well as the provision of housing units.

After the unprecedented price increases of oil in 1974, the economic and social targets of the fifth plan were revised, hastily and without proper coordination of the physical and economic conditions of the country, and the total planned investment was doubled. However, instead of strengthening the production units the revised plan produced negative results which backfired in the economy and contributed to the spiralling inflation. Due to miscalculation of economic capacities the projects aimed at the development of the infrastructure and housing sectors mainly failed and only resulted in a sharp rise in the prices, specially that of urban land.

The implementation of the revised Fifth plan which cost the government vast amount of funds, not only increased the inflationary pressures but also enhanced the vulnerability and dependence of the economy on foreign sources. The plan had unfavourable effects on social problems such as the gap between the higher and lower classes, and between the rural and urban standards of living which increased rural migration to cities. This in itself increased the shortage of urban housing units. It also fell short of providing sufficient social welfare facilities and caused an unnecessary expansion of government offices.

As mentioned before, during this time the urban land market became an arena of confrontation between bureaucrats who were trying to control the market to secure land for the state on the one hand and the private sector on the other. The state apparatus could only act through passing relevant regulations in order to achieve its goals but many authorities involved were related to the market process in one way or the other. Many propositions and suggestions failed to become law or were altered due to this direct relationship between the private sector and the top rank decision makers. In fact by the end of this period none of the basic goals of the stated policies were achieved. The government did not enact the legislation to secure the land necessary for public services, nor did it impose the land tax, renovate the old parts of cities or transfer public land for the construction of housing.²³

7.3. Restriction Of The Repeated Transaction Of Urban Land In Iran Prior To The 1979 Revolution.

As mentioned before land speculation started around 1951 and rose to its highest about 7 years later. After a recession of a few years it started again from 1967 and raged with renewed intensity during the last years of the previous regime. Then the public began to think that land speculation and repeated transactions of urban land were the main cause of the rising price of land. It was believed that price increases could be controlled by curbing land speculation. In 1975 the government passed a law prohibiting repeated sale of land and levied heavy taxes on such transactions. This legislation was mainly a reaction to public opinion pressure and was not based on the objectives of the national development plan and housing policies or on calculated financial and economic considerations.²⁴

In any case in order to discourage land speculation the Article one of the Land Transactions Law (LTL)²⁵, which was enacted in May 1975, the transfer of ownership of undeveloped land, or land that did not have a reasonable proportion of built up area on it, within the municipal service boundary of a city or satellite towns was limited to only one time. As a result all subsequent transfers of ownership was made subject to construction or proportionate improvement. In this respect the structure of improvements occupying at least 10 percent of the area of the land or equal in value to at least 25 percent of the value of the land were considered as the adequate proportion and subsequent transactions were allowed as required after this proportion was

established.²⁶

This law also covered lands situated outside municipal service boundaries from the date when they were declared to be within the municipal service boundary or the date of authorization for the development or construction of a satellite town.²⁷ Furthermore, all final transactions involving undeveloped lands situated between the municipal service boundaries of cities and their statutory boundaries were subject to a stamp fee or sale tax during the final transaction which was twice the normal rate and was doubled for each subsequent transaction.²⁸ However, there were no restrictions or prohibitions on repeated land transaction of those lands which were located inside city limits and no additional taxes were applied.

An amendment of the direct (income) tax law provided for a value added tax for persons who buy and sell land.²⁹ In this regard the difference in the purchasing and selling price of the land was being considered as part of their personal income for that year and would be subject to an income tax at rates varying between 15 percent to 60 percent depending on the size of the income. In order to facilitate the collection of tax on land and property the ministry of finance determined and announced official prices for lands in different districts of a city as well as outside it. Such official prices were some times raised by as much as 100 percent in a single year. Tax was collected on the basis of these official prices.

It should be noted that while the increases in official prices in the main reflected the true market trends it did however contribute to negating the governments objectives which were to restrict land speculation and reduce land price inflation rather than collecting more taxes. It can be argued that the effects of such heavy taxation was to increase the price of land even further as the sellers always passed on the tax to the buyers. In a way these two factors also reinforced each other in as much as heavier taxes raised the price of land and higher prices led to higher taxation.³⁰

The restrictions and prohibitions mentioned above drove the bulk of the capital which was tied down in land towards speculation in residential buildings and apartments. The residential market soon began to boom and prices rose rapidly, giving further incentives to land owners to demand even higher prices.³¹ The ever increasing price of housing units meant that the developer began to pay the asking price of any land because they could soon build houses and residential complexes and sell them at exorbitant profits. For example many developers bought recently built houses, even two or three storey units, in order to demolish its existing units and build high rise buildings on the site consisting of small apartments which they sold at high prices. As a result some existing new buildings were demolished which also wasted parts of the fixed capital of the country.³²

It can , therefore, be concluded that not only did the Land Transaction Law and its regulations concerning the prohibition

of land transaction fail to prevent further rises in the price of urban land but in fact it contributed to continued increase in land prices and diverting capital towards purchasing those lands which were already built up for quick demolition and redevelopment. Also the land transaction tax did not prevent further price increases since no matter how heavy the transaction rate became it was simply added to the price of land in urban areas.

Indeed, the available data indicates that the trend of urban land prices continued to rise after the implementation of the 1975 law, reaching its peak in 1976 when the average price of one square metre of land increased by about 36 percent in constant prices and about 59 percent in current prices in comparison to the previous year.³³ In 1977 there was a decrease in the constant value of these prices by about 15 percent while it continued to rise in current prices by about 6 percent.³⁴ It should be noted, however, that mid 1977 coincided with the beginnings of the Iranian revolution which took full flow in 1978. Therefore the effects of this event must be considered as a major factor in the reduction in constant value of urban land prices in that year. Further information on the trend of urban land prices prior to the Iranian revolution is provided in chapter 10 in a comparison with urban land prices after the 1979 revolution.

During the last years of the previous regime land speculation had major negative implications for the economy as it increased land prices and hence housing and rents and also tied down large sums

of money which should have otherwise been invested in productive sectors of the economy such as industry and agriculture and also commerce. Indeed, the price of land in Tehran and other major cities of Iran was rising almost daily and according to some reports Tehran had become the most expensive city in the world when comparing the land prices to the average monthly income.³⁵

7.4. Conclusion.

This chapter has made an overall examination of the urban land situation prior to the 1979 revolution. It has been shown that private land ownership of all types of land was the dominant form of ownership in that time. The main problems with private ownership of land began during the 1970s when the general level of the development of the country, on the one hand, and the quadrupling of oil prices, on the other, created favourable conditions for the rapid expansion of development projects in the country. This situation led to sudden high levels of demand for urban land both for development projects and housing due to rapid migration to the cities. As a result, the 1970s witnessed a rapid increase in the price of urban land and speculation activities by private land owners. This situation created many problems for the provision of land both for housing requirements of the urban population and the implementation of urban development projects. Consequently, in 1975 the government intervened to control the urban land market. However, the influence of the big land owners, on the one hand, and the unwillingness of the government to tackle the underlying problem of private ownership of urban land, on the other, reduced the effectiveness of government actions. This showed itself in the continuation of the inflationary trend of urban land prices which reached its peak in 1976 in constant prices. Furthermore, urban land prices continued to rise in 1977 in current prices. As previously stated its reduction in constant value terms during 1977 could be mainly attributed to factors other than the implementation of the 1975 Land Transaction Law.

On the whole, therefore, it can be concluded that the pattern of urban land ownership prior to the Iranian revolution led to rapid increases and very high prices of urban land during that time. It should be noted that a more detailed discussion of urban land prices during the 1970s is carried out in a comparison with urban land prices after the revolution in chapter 10.

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8. LIMITING PRIVATE OWNERSHIP OF URBAN LAND AND ACQUIRING THE EXCESS LANDS AFTER THE 1979 REVOLUTION.

Article 31 of the constitution of the Islamic republic of Iran prescribes that "the ownership of a housing unit proportionate to requirement is the right of each Iranian individual or family. The government is responsible to provide the necessary ground to achieve this aim with respect of priorities, especially for farmers and workers."

After the 1979 revolution the housing policies of the previous regime were strongly criticised. The negative role of the large land owners and the high price of urban land were repeatedly blamed as the major obstacles to housing provision for all.

In this respect the patterns of land ownership were the focus of attention as the underlying factor responsible for land speculation and artificially increasing land prices. In the immediate post revolution period a large number of urban poor and some middle class citizens who were inspired by the revolutionary spirit occupied many vacant land plots in and around Tehran and many other large cities. These groups of the population took advantage of the breakdown in municipal controls and started a boom in self help housing by constructing their own housing themselves on the occupied lands. It should be noted that previously accordingly the municipalities Act much of these lands which were on the periphery of the city limits were closed to construction because according to the municipalities Act. At the same time the revolutionary courts and some other revolutionary

foundations and organisations confiscated the lands belonging to well known big land owners, both within and outside the city limits, and subdivided and transferred them to the low income families.

Four months after these primary actions by private citizens and revolutionary organisations the government passed a law in June 1979 which imposed a ceiling limit on the ownership of undeveloped lands in all urban areas of Iran and to acquire the excess land for the provision of housing and urban facilities. This law was based on Islamic law which, as stated in section chapter 6, does not give an individual the right of ownership on *Mavat* or undeveloped land and declares them to be the state's property. Moreover, this law does not give the right of ownership of land for temporary utilization and insists on return to communal ownership if utilization ceases.

According to this law, which was called the Abolition of Undeveloped Urban Land Ownership (and Circumstances for its Development) Law (AUULOL), the term 'undeveloped land' covered all categories of vacant urban land in general. It included those lands which had never been developed in the past (*Mavat* or undeveloped land) and those currently unutilized but which were at one time put to productive use (*Bayer* or unutilized land).

The law granted the right of development of one plot of land up to a specified ceiling limit for owners of undeveloped urban lands on the condition that they nor their family did not own a

suitable housing unit. The eligible land owners were obliged to develop that plot of land in a specified period of time; otherwise their rights to the ownership of that plot of land would lapse. Finally, any excessive area of land more than the stated ceiling were to become available for public acquisition without payment of any compensation.¹

However, after the enactment of these measures some controversy arose regarding the right of owners of *Bayer* or unutilized lands to receive compensation. In this respect some islamic scholars argued that as such land had been put to productive use such as farming or other purposes and could easily be reused for such purposes then they could not be treated the same as totally undeveloped lands and their owners were entitled to some compensation. As a result the government prepared another law which was passed by the parliament in March 1982 to take account of this issue and include some practical considerations which had occurred during the implementation of the previous law. This law was called the 'Urban Land Law' (ULL) and was given a duration of five years subject to extension by the parliament.

According to this law vacant urban lands were divided in to the two previously stated categories of *Mavat* (undeveloped) and *Bayer* (unutilized) lands. As before the owners of vacant urban lands were each allowed to develop one plot of land to a specified ceiling and up to a specified period of time. The surplus *Mavat* lands were acquired by the government compulsorily without any payment of compensation.² The excess *Bayer* lands which were more

than the permitted ceiling limit, on the other hand, were not transferable except to the state and with the government appraisal of the price.³

As a result of these measures, the government came in to the possession of substantial tracts of land lying around the cities and also inside the city limits. The acquired lands were subdivided, the necessary urban infrastructure provided and the plots of lands transferred to eligible households. Consequently, at the end of the 5 year period of the implementation of the law there was a greater balance between demand and supply of land in most urban areas of Iran. At the end of this period, however, the work of acquiring and allocating the excess lands was deemed to be incomplete and thus the government was obliged to pass another law in 1987 to extend the ULL at the end of its legal life period.

The main differences between the new ULL and the previous one were as follows:

Firstly, there was no limitation of time for the public acquisition of *Mavat* or undeveloped land in all urban areas.

Secondly, the necessity order for the acquisition of *Bayer* or unutilized land was restricted to only 32 cities out of the existing 500 cities and towns in the country. This was done since the amount of *Mavat* land in the other cities was seen to be adequate for allocation for housing and other public

requirements.

Thirdly, because of shortage of *Mavat* and *Bayer* lands in the chosen 32 cities, the government was allowed to acquire the *Dayer* or land that is already developed and under utilisation as well. However, where the amount of its existing *Mavat* land is not adequate for the provision of housing and urban facilities, the government would have to acquire any remaining *Mavat* lands in the first instance, then the *Bayer* lands and lastly, if it still requires more land, the *Dayer* lands.⁴

After this brief introduction the following parts of this chapter will now discuss the urban land situation in Iran after the revolution, the details of the stated Urban Land Laws, their implementation and results in greater detail. In this regard the major achievements and outcomes, as well as the drawbacks, of the laws will be highlighted. The chapter itself consists of eight parts. In this regard in part one discusses the actions taken by private citizens and revolutionary organisations immediately after the revolution which were mainly without any official legal basis. Part two discusses the basic aims of the urban land laws which were subsequently introduced in the country. Part three explains the definition of urban land according to Islamic law and the sphere of influence of the enacted laws in this regard. Part four discusses the classification of the various types of urban land according to the aforementioned definitions and legal measures for their recognition and identification. Part five explains the identification of the different categories of urban

land in the process of implementation of the laws. Part six discusses the ceiling limit on the ownership of urban land and the public acquisition of these lands. Part seven discusses the acquisition of the different categories of the previously identified and classified in the process of the implementation of the enacted laws. Finally, part eight is the conclusion to the chapter.

8.1. Primary Action By Private Citizens And Revolutionary Organisations.

In the immediate post revolution period, the revolutionary government was hard pressed to provide housing for the low income groups. These groups normally lived in very poor conditions in overcrowded districts of the great urban centres or shanty towns and squatter settlements around large cities.

Some spontaneous actions took place by the urban poor in Tehran and other large cities immediately after the revolution. They rushed to possess the vacant lands which were located in and around the large cities to house themselves. Most of these lands were located outside of legal limits of these cities, where any construction activity was forbidden according to the Municipalities Act. However, Tehran's various municipalities could not act against these groups because of their weak points. As a result the people divided the lands among themselves and started to construct housing units usually with the use of their own labour force. The total number of land plots which was occupied by the people themselves in Tehran was 7,389 plots which comprised a total area of 3,098,679 square metres.⁵ This is shown in table 1.

In a response to this situation the government established a Revolutionary Court of Justice in the Tehran municipality to control these activities. This court began to confiscate the vacant lands which belonged to well known big land owners, subdivided these lands and distributed them to low income

Table 1 : Number of plots and area of land which were spontaneously occupied by the people in the different boroughs of Tehran municipality from the beginning of February till the end of June 1979.

Borough	No of plots	Area of land (m2)	Percentage
1	3976	1456846	47.0
6	106	30068	1.0
9	1251	1200000	8.7
13	122	22256	0.7
14	182	36400	1.2
15	138	2600	0.1
17	165	22670	0.7
18	197	40286	1.3
19	187	136347	4.4
20	1065	151206	4.9
Total	7389	3098679	100.0

Source : Municipality of Tehran, 1980.

families. In addition the court also gave titles to the plots which were spontaneously occupied by the public. Furthermore, other revolutionary foundations and organisations which had been set up after the revolution joined this process and started to subdivide and allocate the vacant land plots which they had taken over themselves. This process was halted by the introduction of the first land law after the revolution in the middle of June 1979. After which date land acquisition and allocation was centralised under the authority of the newly established Urban Land Organisation in the Ministry of Housing and Urban Development.

Table 2 shows the amount of land which were allocated by the various authorities in and around Tehran between February 1979 and June 1979 according to the number and area of plots which were developed with and without permission from local municipalities. According to this table a total of about 23,044 plots of land with a total area of 6,857,103 square metre was allocated to private citizens and occupied by them during the above-mentioned period.

In this regard the most important transferring authority was the religious judge of the municipality of Tehran who transferred 15,732 plots of land with a total area of 5,223,998 square metres to private citizens. More than 98 percent of these lands were developed without the permission of the local boroughs of the Municipality of Tehran (15,433 plots with an area of 5,167,460 square metre). This was because according to the master

Table 2 : Number of plots and area of land which were transferred by different authorities during Feb to Jun 1979 including those lands which were acquired by private citizens and developed without official permission and then transferred to them by the different organizations.

The transferring authorities of land	The lands developed with permission		The lands developed without permission		Total	
	Number of plots	Area (M2)	Number of plots	Area (M2)	Number of plots	Area (M2)
The religious judge of Municipality of Tehran	229	56538	15433	5167460	15732	5223998
Housing Foundation of Islamic Revolution	2285	660617	1247	271216	3532	931833
Oppressed People Foundation	802	60141	195	30878	997	91019
Martyr's Foundation	565	37200	43	12900	608	86100
Others	410	34053	1765	490100	2175	524153
Total	4361	884549	18683	5972554	23044	6857103
Percentage	19	13	81	87	100	100

Source : Ministry of Housing and Urban Development, 1980.

plan of Tehran these allocated lands were considered to be outside the city limits but within the protected boundary. According to municipality regulations such lands could not be developed and the related municipality was not obliged to provide any urban facilities or infrastructure either. It should be noted, however, that as a result of social and political pressure from the occupants of these lands the government abandoned these regulations and provided certain basic services including paved roads, water supply and electricity. The majority of the other land plots allocated by the other organisations, however, were developed with the permission of the local municipalities. On the whole, however, 81 percent of the allocated land plots during the stated period were developed without such permission.

It should also be noted that during the period between the occurrence of the revolution, i.e., Feb 1979, and the establishment of the first land law, i.e., June 1979, many medium and even big land owners who had remained in the country also used the weakness of the municipality and the general chaos to subdivide and sell their lands for development which were within the protected boundary of the city as well.

On the whole the utilization of land outside the city limits for such development meant a considerable expansion in the provision of housing. However, it also brought many problems for the local municipalities and other organisations responsible for the provision of infrastructure. This was because such development was totally unplanned and spontaneous and as a result the

municipalities were completely unprepared for providing their services.

In any case from June 1979 onwards the urban land situation was affected by the relevant land laws which are discussed in the following parts of this chapter.

8.2. The Basic Aims Of Public Acquisition Of Urban Lands.

As a result of the enactment of the Abolition of Undeveloped Urban Land Ownership Law was in June 1979 the ownership documents of undeveloped lands regardless of their location (within the city limits or outside them) which had been issued by the previous regime were deemed to be in conflict with islamic law and public interests and so these ownership documents were abrogated.⁶

The urban land law of 1982 was a continuation of the process which was started by the previous law and was enacted on the basis of article 31 of the constitution whereby the ownership of a housing unit is deemed to be the right of each Iranian individual household; proportionate requirements. The specified objectives of this law have been described as:

- 1) Provision of land for housing and public facilities in urban areas.
- 2) Curbing speculation on land as a commodity.
- 3) Channelling private capital and investment to primary productive sectors such as agriculture and industry.⁷

The urban land law of 1987 was also on the same basis as before and its basic objectives were the following:

- 1) Regulating and arranging all affairs connected to land.
- 2) Increasing the supply of urban land for housing.
- 3) Adjusting and stabilizing land prices.
- 4) Establishing the means for protection and exploitation of land in a more proper and extensive manner.⁸

It can be concluded that the basic aim of the public acquisition of the Urban Land Acts in Iran has been to transform the pattern of urban land ownership by abolishing the right of ownership of undeveloped urban lands. The objectives of such a transformation are:

A) Greater equity and social justice by preparing the necessary basis for housing each individual family according to its need and with the priority of the low income families.

B) Greater efficiency by:

- 1) Regulating and arranging all affairs related to land.
- 2) Curbing speculation on land as a Commodity.
- 3) Increasing the supply of land.
- 4) Establishing the means for the better protection and exploitation of land.
- 5) Adjusting and stabilizing land prices.
- 6) Channelling investment capital to more primary productive sectors such as agriculture and industry.

8.3. The Definition Of Urban Land And The Sphere Of The Land Laws.

The 'Abolition of Undeveloped Urban Land Ownership Law' of June 1979 (AUULOL) defines urban land as those lands which are located within the legal limits of all urban areas of Iran.⁹ The criterion for recognition of one place as a 'Shahr' or town and therefore the permission for the establishment of a town municipality is that the population of such an area should be at least 5,000 people.¹⁰ However, all 'Shahrestan centres', i.e., Township centres, regardless of their size are treated as urban centres.

Furthermore, the law was modified on July 1979 and the sphere of the law was extended to include the legal limits of the new satellite towns in addition to legal limits of the existing cities. In this respect it should be explained that the construction of satellite towns including new housing states with planned streets and public through fares dates back to 1951 with the development of Tehran-Pars neighbourhood in the east of Tehran which is now part of the service area of the city. During the last few decades before the revolution a large number of satellite towns were planned, their land subdivided and allocated or placed on the speculative market and even in the case of some of them new basic infrastructure prepared. However, few of them were actually developed and emerged as true satellite towns.

The procedure of the urban land law of 1982 recognised the plots of land inside the legal boundaries of satellite towns as urban

land which would have to be subject to ULO acquisition as well. In addition, the urban land law of 1987 extended the coverage of the law to the protected boundary of the cities as well. This would be the area which would become part of the legal limit of the city due to its expansion.

According to this law the urban lands are classified in to different categories and each category is subject to different provisions in terms of the acquisition policy.

8.4. The Classification Of Urban Lands And Measures For Their Identification.

According to section II of the implementation regulations of the AUULOL of 1979 the urban lands were divided in to two categories of *Mavat* or undeveloped and *Dayer* or developed lands.

The undeveloped lands were defined as the lands that have remained vacant and neglected or have not undergone any type of development at all.

The developed lands, on the other hand are defined as follows:

1 - The land should be occupied by a building unit and its development must have been recorded in the registered documents of ownership.

2 - At least one storey of a dwelling unit have been completed and habitable.

3 - In areas where a building has been demolished, the undeveloped area should be equal to at least four times of the developed area.

4 - If the land is agricultural, not flower gardens, then at least 75 percent of the land should be under cultivation.

5 - If given to garden allotments then the land must contain at least six plants which are at least three years old in each one

hundred square metres and at least 75 percent of the land must be under cultivation with consideration to service areas and roads.

6 - In the case of parking, dry cleaners, garages and other similar services if the operating services have been built before the declaration of this law with a planning permission then such lands would be considered as developed.

During the process of the implementation of the law there were objections raised to the legality of the classifications under Islamic law which also recognised the private ownership of unutilized vacant land which had a history of development. In addition the government also recognised that given the wide range of populations of the urban centres, i.e., 5 thousand to over 5 million, different economic and climatic conditions, etc, having a universal measure for identification of developed lands was not correct nor applicable to all urban areas of the country. Therefore the above mentioned measures were abrogated and the 1982 Urban Land Law specified that in each city a special committee would have to be established to identify the category of each urban land plot. This committee which was called the identification committee contained the representatives of the Ministry of Justice, Ministry of Housing and Urban Development and the Mayor of the concerned city.¹¹

As stated previously according to the Urban Land Law of 1982 the urban lands were divided in to three categories of *Dayer* or

developed, *Bayer* or unutilized and *Mavat* or undeveloped lands. In other words the vacant urban lands which were considered as undeveloped in the 1979 law were now developed in to two categories of undeveloped and unutilized. Furthermore, the category of undeveloped or *Mavat* urban land applies to those lands which have never been developed.¹² The unutilized or barren (*Bayer*) lands apply to any lands that had been developed or cultivated some time in the past, and gradually have been changed to a situation of vacant land.¹³

As stated the classification of the various land categories would be the responsibility of the identification commission. In this regard the commission's verdict were subject to appeal in the local court of justice within 10 days from the notice of categorisation by the Ministry of Housing and Urban Development to the land owners.¹⁴

According to this law the area of industrial or agricultural lands and commercial centres should be proportionate to their establishments' requirements and usage. Further, if the committee recognised that there were some excess land in the form of unutilized or undeveloped land it would be subject to measures of the land law and its regulations.¹⁵

The identification commission would express its opinion after surveying the land, looking at maps, various photographs, registration documents and the common regulations if necessary. It should be noted that the opinion of the committee would have

to be supported by adequate reasons and comprised of supporting documents for the area of land, location, registration, specification, etc.¹⁶

The identification commission can use the consulting opinions of related organisations for the identification of the amount of land which was developed and also the area of the developed land which has to be a specified proportion to the area of the installations and could be recognised as developed land.

The following cases would not be considered by the identification commission:

1 - The plots of land which have an area less than the approved ceiling limit by the law and have been developed with official permission for construction and the building still remain. The same also applies to land that is owned by more than one person (*Musha*) lands and the share of each owner is less than the ceiling limit.

2 - The plots of land which were developed according to procedures of the law of 1979 or that construction permission has been issued and construction activities started in the specified period of time.

3 - The plots of land with an area of up to 3,000 square meter which had built up housing units, commercial buildings and other establishments and which had official documents which were issued

prior to the approval of the first land law in 1979.

4 - The plots of lands which had establishments such as industrial buildings, sports grounds and related facilities, petrol stations, garages, parking, warehouses, hospitals, health centres, educational buildings, public services and other similar establishments, given that these lands were not more than 3,000 square metre and the owners had obtained official business permits.

5 - The plots of lands whose owners had announced or written that the land was totally undeveloped, i.e., *Mavat*. In these cases the rights of ownership of these plots of land would be terminated and the title deed registered in the name of the state.¹⁷

After the approval of the Implementation Regulations of the Urban Land Law (IRULL) in June 1982 those lands which were identified as developed did not need to have a development certificate. However, the owners of those plots of land which did not have the necessary related documents mentioned above for their land to be recognised as developed had to send the necessary documents to the secretariat of the identification commission for receiving their verdict.

As the content of the criteria for identification of the land categories mentioned above implied those lands which had been developed and had some establishments proportionate to the area of the plots were exempted from consideration by the

identification commission. In any case according to the 1979 law those people who owned a plot of land below the ceiling limit had to obtain development certificate from the Urban Land Organisation (ULO) before they could apply for construction to the local municipality. However, the provisions of the 1982 law allowed those owners whose land was below the ceiling limit and did not have a development certificate to apply directly for construction directly through the local municipality. The municipalities could call upon the Urban Land Organisation (ULO) to get information about the status of the land and whether or not the applicant had received a development certificate on any other piece of land in the past. Finally, the municipality would also take a commitment from the owners, which had to be approved by notary public agencies in a special form, that they were eligible to develop their lands.

According to the municipalities regulations or measures of the city master plan the subdivision of these plots of land were permitted. In this regard construction permission could be issued for one or more than one of the subdivided plots up to the ceiling limit. As with the 1982 law the urban land plots were classified into three main categories in the 1987 law as well. These are *mavat* (undeveloped) lands, *bayer* (unutilized) lands and *dayer* (developed) lands.

The definition of undeveloped, unutilized and developed lands in the 1987 law is basically the same as those in the urban land law of 1982. However, the category of developed lands which are

subject to the procedures of this law apply just to cultivated agricultural lands and fallow lands whether fenced or not.

The main difference between the two Urban Land Laws of 1982 and 1987 are the following:

Firstly, the 1987 law specifies that out of the existing 500 towns and cities in the country the acquisition of unutilized lands are restricted to 32 specified cities. Secondly, in situations where the amount of undeveloped and unutilized lands were not adequate for the provision of housing and urban facilities the developed lands which are located in the legal city limits and protected boundaries of these 32 cities would also be subject to the procedures of the law for acquisition.¹⁸ The owners of unutilized and developed lands in these 32 cities can subdivide and transfer their lands after the provision of services if the state or municipalities announce that they do not need their lands for acquisition.¹⁹

These 32 cities which are mostly large cities and the new satellite towns around them, their population and number of households in 1986 are presented in table 3.

According to this table the total population of these 32 cities was 13,775,412 in 1986 while the total population of the urban areas of the country was 26,844,561. Therefore it can be concluded that about 51 percent of the urban population of the country were still subject to the measures of the ULL in 1987.

Finally, it should be noted that in the 1987 law the responsibility of the identification of the categories of the urban lands was given to the Ministry of Housing and Urban Development whereby this Ministry would appoint all the members of the identification commission itself. Consequently, the local municipalities were excluded from participation in the implementation of this law. It should be pointed out, however, that the verdict of the identification committee could be appealed against in the local courts of justice.²⁰

Table 3 : The number of population and households of the 32 main cities of Iran in 1986.

PROVINCES	CITIES	Population (1986)	Households (1986)
TEHRAN	TEHRAN	6,042,585	1,370,691
	KARAJ	275,100	58,180
	ISLAM-SHAHR	215,129	40,409
	RAJAEI-SHAHR	117,852	23,443
	GHARCHAK	77,957	14,660
	VARAMIN	58,311	12,168
	MEHR-SHAHR	57,477	11,485
ISFEHAN	ISFEHAN	986,735	214,707
	NAJAF-ABAD	129,058	26,896
EAST-AZARBAYEJAN	TABRIZ	971,482	201,403
	ARDABIL	281,973	50,994
FARS	SHIRAZ	848,289	170,652
KHOZESTAN	AHVAZ	579,826	102,511
	DEZFUL	151,420	29,250
	BEHBOHAN	78,694	14,240
MAZANDARAN	SARI	141,020	29,830
	GORGAN	139,430	28,557
	AMOL	118,242	23,487
	BABOL	115,320	24,721
	GHAEM-SHAHR	109,288	22,281
WEST-AZARBAYEJAN	KHOY	115,343	22,544
	MEHABAD	72,238	13,972
	MIANDOAB	59,551	11,646
BAKHTARAN	BAKHTARAN	560,514	112,673
GILAN	RASHT	290,897	65,846
ZANJAN	GHAZVIN	248,591	52,176
LORESTAN	KHORAM-ABAD	205,592	58,749
	BORUJERD	183,879	27,084
	ALIGOODARZ	53,843	9,466
HAMADAN	MALAYER	103,640	20,882
MARKAZI	ARAK	265,349	55,098
BOUSHEHR	BOUSHEHR	120,787	24,135
TOTAL		13,775,412	2,942,834

Source : The 1986 census for population and housing, The Statistic Centre of Iran, 1987.

8.5. The Identification Of Different Categories Of Urban Land In The Process Of Implementation Of The Urban Land Laws (1979-1988).

As already stated during the implementation of the 1979 law from June 1979 to March 1982 all vacant urban land owners were allowed to develop one plot of land up to the previously stated ceiling limit and the remainder was subject to acquisition by the Urban Land Organisation. The privately owned land which was identified as undeveloped and compulsorily acquired without the payment of compensation during these three years are shown in table number 4.

As this table shows during this time in 11 provinces out of the 24 provinces of Iran some vacant urban lands were identified as undeveloped and subsequently compulsorily acquired by the government. The total amount of land acquired was 3741.5 hectares. In this respect the provinces of Hamadan, Tehran and Fars with 2041.1, 590.2 and 396.1 hectares have had the maximum amount of lands which were identified as undeveloped. The other provinces were Khoozestan, Mazanderan, West Azerbizan, Bakhtaran, Markazi, Semnan, Chaharmahal and Bakhtiari and Kohkiloyeh and Boyerahmadi.

The reasons for the lack of identification of undeveloped urban lands in the remaining 13 provinces are that firstly the ceiling limit for the ownership of undeveloped urban land in these areas was set at a very high limit, i.e., 1,500 square metres in almost all the cities of these provinces.

Table 4 : The total amount of undeveloped urban land which was acquired by the government during the implementation of the Abolition of Undeveloped Urban Land Ownership Law between 1979 to 1981. (The amounts are in 1000 m2).

	PROVINCE	Total	1979	1980	1981
	ALL URBAN AREAS	37415	2889	23999	10527
1	TEHRAN	5902	1959	353	3590
2	KHORASAN	---	---	---	---
3	ISFEHAN	---	---	---	---
4	EAST-AZARBAYEJAN	---	---	---	---
5	FARS	3961	909	3043	9
6	KHOOZESTAN	333	21	1	311
7	MAZANDARAN	534	---	338	196
8	WEST-AZARBAYEJAN	3331	---	2345	986
9	BAKHTARAN	2192	---	420	1772
10	GILAN	---	---	---	---
11	KERMAN	---	---	---	---
12	ZANJAN	---	---	---	---
13	LORESTAN	---	---	---	---
14	HAMADAN	20411	---	17448	2963
15	SISTAN & BALUCHESTAN				
16	MARKAZI	32	---	32	---
17	KORDESTAN	---	---	---	---
18	YAZD	---	---	---	---
19	HORMOZGAN	---	---	---	---
20	BOUSHEHR	---	---	---	---
21	SEMNAN	71	---	19	52
22	CHAHAR-MAHAL & BAKHTIARI	61	---	---	61
23	ILAM	---	---	---	---
24	KOHKILOYEH & BOYER-AHMAD	587	---	---	587

Source : Urban Land Organisation, Coordination and Planning Office, Annual Reports, 1979-1981.

Secondly, in the first years of the implementation of the law the new organisations which were called Urban Land Development Organisations (ULDOs) had to be established in each of the provinces. This took a relatively long time to be accomplished in all areas due to lack of financial resources and skilled staff.

Finally, all land owners in urban areas were obliged to send the ownership documents of their lands to the ULDO for the identification and categorisation of their land. If these lands were identified as developed then they would receive a 'developed certificate' and if they were identified as undeveloped but below the ceiling limit then they would receive a 'development certificate' by which they could apply to the local municipality for construction permission. Finally, if the undeveloped land exceeded the ceiling limit then the surplus would be subject to compulsory acquisition while the owner would receive a development certificate for the remainder. This process was taking a long time to be completed and as a result caused delays of the implementation of the law in many provinces.

As already stated the 1982 and 1987 law adjusted the previous law by adding an unutilized category of land to the previous two which were developed and undeveloped lands. Tables 5, 6, 7, 8 and 9 show the amounts of urban land which were identified under these three categories during the implementation of the 1982 law, i.e., 1982-1986, and the first two years of the 1987 law. During these 7 years the total amount of vacant urban land classified as undeveloped lands was 28091.3 hectares in all

Table 5 : Identification of undeveloped urban lands during the 7 year period of 1982 to 1988 by the Identification commission in all urban areas and 24 provinces of Iran. (1,000 m 2).

	PROVINCE	Total	1982	1983	1984	1985	1986	1987	1988	Percentage
	ALL URBAN AREAS	280913	41482	107254	42582	30465	51633	2010	5487	100.0
1	TEHRAN	32869	1139	10684	13800	3393	2485	273	1095	11.7
2	KHORASAN	48854	28182	8617	6178	2864	2862	150	1	17.4
3	ISFEHAN	28258	2205	9475	834	13657	2029	83	50	10.1
4	EAST-AZARBAYEJAN	1969	2	74	48	1065	780	—	—	0.7
5	FARS	5707	291	1366	328	178	3544	—	—	2.0
6	KHOZESTAN	10467	—	18	4697	965	3011	938	838	3.7
7	MAZANDARAN	5121	12	1458	2236	758	575	8	78	1.8
8	WEST-AZARBAYEJAN	4069	204	1471	1341	31	149	41	832	1.5
9	BAKHTARAN	627	—	—	542	38	47	—	—	0.2
10	GILAN	13163	237	9505	260	2202	891	62	6	4.7
11	KERMAN	90135	7159	41543	4922	3293	31541	283	1394	32.1
12	ZANJAN	9000	201	1044	4840	382	1856	—	977	3.2
13	LORESTAN	541	54	300	—	186	—	—	1	0.2
14	HAMADAN	530	73	395	3	15	38	—	6	0.2
15	SISTAN & BALUCHESTAN	6012	81	5906	—	21	—	—	4	2.1
16	MARKAZI	7974	9	7625	125	15	86	108	6	2.8
17	KORDESTAN	1521	140	866	495	—	—	20	—	0.5
18	YAZD	2802	152	247	370	971	429	14	419	0.9
19	HORMOZGAN	3246	—	1967	1172	106	1	—	—	1.2
20	BOUSH-EHR	2537	—	1091	250	28	1164	—	4	0.9
21	SEMRAN	4744	925	3224	82	285	101	6	121	1.7
22	CHAH-R-MAHAL & BAKHTIARI	593	326	194	29	—	44	—	—	0.2
23	ILAM	204	11	187	1	5	—	—	—	0.1
24	KOHOLOYEH & BOYER-AHMAD	170	79	1	29	7	—	54	—	0.1

Source : Urban Land Organisation, Coordination and Planning Office, Annual Reports, 1982-1988.

Table 6 : Identification of unutilised urban lands during the 7 year period of 1982 to 1988 by the Identification commission in all urban areas and 24 provinces of Iran. (1,000 m2).

	PROVINCE	Total	1982	1983	1984	1985	1986	1987	1988	Percentage
	ALL URBAN AREAS	168289	22233	44313	37609	29273	21083	2411	11366	100.0
1	TEHRAN	22139	398	10943	6703	2177	702	130	1086	13.2
2	KHORASAN	17924	1936	3261	928	8829	2573	143	254	10.3
3	ISFEHAN	7776	1431	1389	1329	2785	614	20	208	4.6
4	EAST-AZARBAYEJAN	3673	237	813	572	808	594	423	226	2.2
5	FARS	9084	1150	3348	1758	2048	780	---	---	5.4
6	KHOZESTAN	8413	---	434	6902	356	218	487	16	5.0
7	MAZANDARAN	9142	480	1940	5082	1369	210	61	---	5.4
8	WEST-AZARBAYEJAN	16546	1069	2171	2993	1317	1359	872	6765	9.8
9	BAKHTARAN	5279	---	---	4689	287	165	---	138	3.1
10	GILAN	4218	725	1231	430	951	453	14	414	2.5
11	KERMAN	25166	9536	5403	1740	4785	2796	64	842	15.0
12	ZANJAN	3834	768	412	703	552	849	3	574	2.3
13	LORESTAN	6095	1438	2993	34	1127	175	83	245	3.6
14	H-AMADAN	8980	342	942	209	208	7209	14	56	5.3
15	SISTAN & BALUCHESTAN	898	18	714	11	60	92	---	1	0.5
16	MARKAZI	819	95	154	71	195	274	3	25	0.5
17	KORDESTAN	4257	197	2357	841	148	693	21	---	2.5
18	YAZD	2433	179	637	428	558	282	31	318	1.4
19	HORMOZGAN	548	---	189	223	52	61	2	21	0.3
20	BOUSHEHR	2466	---	1876	128	135	294	2	31	1.5
21	SEMNAN	2550	713	932	215	337	183	9	161	1.5
22	CHAHAR-MAHAL & BAKHTIARI	2311	1030	526	227	97	402	23	6	1.4
23	ILAM	976	80	686	135	7	62	---	6	0.6
24	KOHK-LOYEH & BOYER-AHMA	2793	411	960	1258	85	43	6	---	1.6

Source : Urban Land Organisation, Coordination and Planning Office, Annual Reports, 1982-1988.

Table 7 : Identification of developed urban lands during the 7 year period of 1982 to 1988 by the Identification commission in all urban areas and 24 provinces of Iran. (1,000 m2)

	PROVINCE	Total	1982	1983	1984	1985	1986	1987	1988	Percentage
	ALL URBAN AREAS	251831	13411	68878	52552	45161	41170	1497	29162	100.0
1	TEHRAN	24440	290	6180	5608	3773	3600	132	4857	9.7
2	KHORASAN	12402	352	3114	2288	2159	2400	342	1747	4.9
3	ISFEHAN	24336	1625	6006	7328	5223	3313	266	575	9.7
4	EAST-AZARBAYEJAN	13629	233	2064	3070	1588	5849	20	805	5.4
5	FARS	18358	1298	3553	4499	6614	2394	---	---	7.3
6	KHOZESTAN	1305	---	121	140	169	875	---	---	0.5
7	MAZANDARAN	9895	36	2682	4294	2245	541	67	---	3.9
8	WEST-AZARBAYEJAN	40749	1083	5941	3726	6692	11458	95	11754	16.2
9	BAKHTARAN	14468	---	---	9733	4424	221	---	90	5.7
10	GILAN	5836	844	835	2188	734	707	43	485	2.3
11	KERMAN	21552	417	11981	2529	3288	2971	70	296	8.6
12	ZANJAN	4567	14	1215	559	337	518	17	1907	1.8
13	LORESTAN	4793	191	1807	459	581	674	96	985	1.9
14	HAMADAN	9679	1088	4255	670	1760	787	70	1049	3.8
15	SISTAN & BALUCHESTAN	823	15	574	172	61	---	---	1	0.3
16	MARKAZI	1531	104	319	170	446	367	---	125	0.6
17	KORDESTAN	2009	---	722	443	604	220	20	---	0.8
18	YAZD	10317	697	1773	1622	1548	1545	157	2975	4.1
19	HORMOZGAN	290	---	166	52	17	35	1	19	0.1
20	BOUSHEHR	2393	---	20	1845	409	117	---	2	1.0
21	SEMNAN	22713	4122	12276	1029	1602	2178	24	1482	9.0
22	CHAHAR-MAHAL & BAKHTIARI	1322	975	197	---	13	137	---	---	0.5
23	ILAM	2158	3	1151	33	792	171	---	8	0.9
24	KOHILOYEH & BOYER-AHMA	2266	24	1926	95	82	92	47	---	0.9

Source : Urban Land Organisation, Coordination and Planning Office, Annual Reports, 1982-1988.

Table 8 : Identification of all urban lands during the 7 year period of 1982 to 1988 by the identification commission in all urban areas and 24 provinces of Iran. (1,000 m2).

	PROVINCE	Total	1982	1983	1984	1985	1986	1987	1988	Percentage
	ALL URBAN AREAS	701033	77126	220445	132743	104899	113886	5918	46015	100.0
1	TEHRAN	79448	1827	27807	26111	9343	6787	535	7038	11.3
2	KHORASAN	79180	30470	14992	9394	13852	7835	635	2002	11.3
3	ISFEHAN	60370	2561	16870	9491	21665	5956	339	788	8.6
4	EAST-AZARBAYEJAN	19271	472	2951	3690	3461	7223	443	1031	2.7
5	FARS	33149	2739	8267	6585	8840	6718	---	---	4.7
6	KHOOZESTAN	20185	---	573	11739	1490	4104	1425	854	2.9
7	MAZANDARAN	24158	528	6076	11612	4372	1326	166	78	3.4
8	WEST-AZARBAYEJAN	61364	2356	9583	8060	8040	12966	1008	19351	8.8
9	BAKHTARAN	20374	---	---	14964	4749	433	---	228	2.9
10	GILAN	23217	1806	11571	2878	3887	2051	119	905	3.3
11	KERMAN	136853	17112	58928	9191	11366	37308	417	2532	19.5
12	ZANJAN	17401	983	2671	6102	1271	3223	20	3131	2.5
13	LORESTAN	11429	1683	5100	493	1894	849	179	1231	1.6
14	HAMADAN	19189	1503	5592	882	1983	8034	84	1111	2.7
15	SISTAN & BALUCHESTAN	7731	114	7194	183	142	92	---	6	1.1
16	MARKAZI	10424	208	8100	366	656	727	211	156	1.5
17	KORDESTAN	7787	337	3945	1779	752	913	61	---	1.1
18	YAZD	15352	1028	2657	2420	3077	2256	202	3712	2.2
19	HORMOZGAN	4085	---	2322	1447	176	97	3	40	0.6
20	BOUSHEHR	7396	---	2987	2223	572	1575	2	37	1.1
21	SEMNAN	30007	5760	16432	1326	2224	2462	39	1764	4.3
22	CHAHAR-MAHAL & BAKHTIARI	4226	2331	917	256	110	583	23	6	0.6
23	ILAM	3338	94	2024	169	804	233	---	14	0.5
24	KOHKILOYEH & BOYER-AHMA	5199	514	2887	1382	174	135	107	---	0.7

Source : Urban Land Organisation, Coordination and Planning Office, Annual Reports, 1982-1988.

Table 9 : Identification of different categories of privately owned lands during the 7 year period of 1982 to 1988 by the identification commission in all urban areas and 24 provinces of Iran. (1,000 m2).

	PROVINCE	Total	Undeveloped lands	Percentage	Unutilised lands	Percentage	Developed Lands	Percentage
	ALL URBAN AREAS	701033	280913	40	168289	24	251831	36
1	TEHRAN	79448	32869	41	22139	28	24440	31
2	KHORASAN	79180	48854	62	17924	22	12402	16
3	ISFEHAN	60370	28258	47	7776	13	24336	40
4	EAST-AZARBAYEJAN	19271	1969	10	3673	19	13629	71
5	FARS	33149	5707	17	9084	28	18358	55
6	KHOZESTAN	20185	10467	52	8413	42	1305	6
7	MAZANDARAN	24158	5121	21	9142	38	9895	41
8	WEST-AZARBAYEJAN	61364	4069	7	16546	27	40749	66
9	BAKHTARAN	20374	627	3	5279	26	14468	71
10	GILAN	23217	13163	57	4218	18	5836	25
11	KERMAN	136853	90135	66	25166	18	21552	16
12	ZANJAN	17401	9000	52	3834	22	4567	26
13	LORESTAN	11429	541	5	6095	53	4793	42
14	HAMADAN	19189	530	3	8980	47	9679	50
15	SISTAN & BALUCHESTAN	7731	6012	78	896	11	823	11
16	MARKAZI	10424	7974	77	819	8	1531	15
17	KORDESTAN	7787	1521	19	4257	55	2009	26
18	YAZD	15352	2602	17	2433	16	10317	67
19	HORMOZGAN	4085	3246	79	549	13	290	7
20	BOUSHEHR	7396	2537	34	2466	33	2393	33
21	SEMNAN	30007	4744	16	2550	8	22713	76
22	CHAHIR-MAHAL & BAKHTIARI	4226	593	14	2311	55	1322	31
23	ILAM	3338	204	6	676	29	2158	65
24	KOHKILOYEH & BOYER-AHMA	5199	170	3	2763	53	2266	44

Source : Urban Land Organisation, Coordination and Planning Office, Annual Reports, 1982-1988.

urban areas of the country. The provinces of Kerman, Khorasan and Tehran with respectively 32.1, 17.4 and 11.7 percent of the total amount of this category of land have had the most amount of land identified as undeveloped. It is interesting to note that in 1986 the province of Kerman with 698,755 people, i.e., 2.6 percent of the total urban population, was the eleventh province of the country in this respect while the province of Tehran with 7,536,158 people, or 28.1 percent of the total urban population, was the first. Table number 5 shows the full detail of the amount of land classified as undeveloped (Mavat) urban land in the different provinces of the country.

Table 6 represents the amount of land which were identified as unutilized during the 7 years of implementation of the laws. In this respect about 16828.9 hectares of vacant urban lands were recognised as unutilized. As with undeveloped land this time again the province of Kerman with 15.0 percent of the total amount of unutilized land in the urban areas of the country had the most amount of this category of land. However, Tehran and Khorasan have changed their places with 13.2 and 10.3 percent of the total each respectively.

On the other hand the amount of lands identified as developed land is shown in table 7. This table shows that about 25183.7 hectares of land in the urban areas of the country was identified as developed during this period by the identification commission. This time, however, the first three provinces in terms of the identified highest amount of land were west Azarbajejan, Tehran

and Isfahan with 16.2, 9.7 and 9.7 percent of the total respectively. In this respect it must be stated that considering the size of the population of the province of Tehran in comparison to the other provinces the amount of identified developed land is in fact very low.

Table 8 represents the total amount of all categories of vacant urban lands which were privately owned in all urban areas of Iran. If it is assumed that the size of urban areas in each province is proportional to its urban population it can be concluded that in those provinces where the percentage of vacant urban land is more than the percentage of their urban population the land lying idle is more than the other provinces.

In the province of Kerman the percentage of vacant urban lands was 19.5 percent while the total size of its urban areas was 2.6 percent in the whole country. Similarly the percentage of vacant lands of eight other provinces, i.e., Khorasan, Isfahan, West Azarbayejan, Gilan, Hamadan, Yazd, Semnan and Kohkiluyeh and Boyer-Ahmadi, were also higher than the percentage of the size of their population in the urban Population of the country as a whole. On the other hand the percentage amount of vacant urban land was proportional to the percentage size of the population only two provinces which were Zanzan and Busher. However, in the province of Tehran and the remaining provinces the percentage of vacant urban land was less than the percentage of the urban population. In this respect in the province of Tehran 11.3 percent while the province contains about 28.1 percent of the

total area of cities in the whole country. In other words land speculation has been more customary in some of the other provinces than in Tehran. This applies even in the small province of Kohkiluyeh and Boyer-Ahmadi.

The amount of each category of vacant land in the urban areas of different provinces as well as all urban areas of Iran as a whole are compared in table 9.

The amount of undeveloped, unutilized and developed lands were respectively 40, 24 and 36 percent in all urban areas of Iran.

In Hormozgan, Sistan and Baluchestan, and Markazi provinces 79, 78 and 77 percent of vacant urban lands respectively has been identified as undeveloped. Such a high amount of undeveloped lands is due to the dry climate of these provinces where the scarcity of water for agriculture has meant most of the land in and around these cities have always been uncultivated and the cities have expanded on undeveloped lands. Consequently, it becomes clear that the amount of unutilized land, i.e., land that had been developed previously and is now unused or the amount of developed land is very low in these provinces.

8.6. The ceiling On The Ownership Of Urban Land And Public Acquisition Of Excess Lands.

According to the 1979 law on urban land the owners of undeveloped urban land within the permitted ceiling limit had to develop their lands within a specified period of time; otherwise their lands would be acquired compulsorily without payment of compensation. The specified time period for development for those who had been allocated one small plot of land and did not own any housing unit was at least three years. Moreover, soon after the enactment of this law a modification was added whereby this specified period of time was also applied to landowners who had originally owned their land plots. As a result these owners were given the right of development of a small part of their land within the ceiling limit while the excess would be acquired by the state almost immediately.²¹

The ceiling limit for the area of legal ownership of such plots of land was given to be 1,000 square metre for those cities with populations of more than 200,000 people (according to the 1976 census) and 1,500 square metre for those cities with populations of less than 200,000 square metre (according to the same census).²² According to the 1976 census out of the 452 cities of Iran there were 9 cities with populations of more than 200,000 which are shown in table number 10. As it is shown in this table, the total population of these 9 cities has been more than fifty percent of the total population of all urban areas of Iran. According to the implementation regulations of this law, the government allowed a maximum of four years for cities with

Table 10 : Cities with population of more than 200,000 in 1986.

Province	City	Population	Percentage of total urban population
Tehran	Tehran	4530223	28.6
Khorasan	Mashhad	667770	4.2
Isfahan	Isfahan	661510	4.2
East-Azarba	Tabriz	597976	3.8
Fars	Shiraz	425813	2.7
Khoozestan	Ahvaz	334399	2.1
	Abadan	294068	1.8
Bakhtaran	Bakhtaran	290600	1.8
Tehran	Ghom	247219	1.6
Total Population of 9 cities		8049578	50.8
Total population of 452 cities		17854680	100.0

Source : The 1986 census for population and housing, Statistic Centre of Iran, 1987.

populations of more than 200,000 for development of one plot of land up to the ceiling limit. This period was increased to 5 years for cities with populations between 50,000 and 200,000 and up to 6 years for cities with populations less than 50,000 people.²³

In 1976 there were 9 cities with populations less than 200,000 but more than 50,000 people. The total population of these cities was 3,437,663 or 21.7 percent of urban population at that time. The rest of the cities had populations less than 50,000 people.²⁴

It should be noted that in practice the maximum specified time limit which was given according to the law and its regulations for eligible land owners to develop their land was subsequently extended. Indeed, there is no case of compulsory acquisition of land as a result of the failure of the land owners to develop their lands. However, the excess areas from the specified ceiling limits were automatically recognised as the state property which was then subject to compulsory acquisition by the Urban Land Organisation. Finally, in cases where the area of land was more than the ceiling limit but the excess area could not be subdivided or be used as an independent plot the excess area was disregarded.²⁵

In cases where the land is owned by one person i.e., *Musha lands*, their owners could benefit from the advantages of the laws by building a dwelling units one their own share of the land as long

as that share was not more than the prescribed limit.²⁶

As mentioned before, the owners of undeveloped urban lands could develop one plot of their land on the condition that they did not own a housing unit. However, according to the implementation regulations of the law, those who had built or purchased a housing unit which was mortgaged by the bank, could enjoy from the provision of the law in terms of the development of their lands. These regulations were modified in December 1979 and according to the new legislation a suitable housing unit was defined as one house with an area of more than 100 square metres in cities with population more than 200,000 people and 200 square metres in the other cities on the condition that the house was not mortgaged by the bank or private institutions.²⁷

According to the regulations of this law all undeveloped lands which belonged to the various ministries, public agencies and public companies should be transferred to the Ministry of Housing and Urban Development.²⁸ The undeveloped lands situated inside the limits of the new satellite towns were covered by the provisions of the law as well. In addition the rights of private developers of residential complexes and new towns who had obtained construction permission and prepared the necessary infrastructure but who could not finish all or part of the project within the given period of time specified in their construction permission would lapse. The unbuilt areas of such projects would be acquired by the state developers who were entitled, subject to approval by the government, to compensate

the private developers with the cost of the provided infrastructure on the unfinished sections of the project.²⁹

According to the 1982 law the ownership of all undeveloped, *Mavat*, belonged to the state and the certificates of all previous title deeds, except those which were transferred by the government since the victory of the Iranian revolution on the 11-2-1979, were now invalid in terms of legal value.³⁰

Again as with the 1979 law the government recognised the rights of those who had owned the undeveloped urban lands to develop one plot of their lands up to the stated ceiling limit as long as they did not own a suitable housing unit.³¹ The ceiling limit was different in each city and based on the minimum standard of subdivision of land according to the master plans of cities. In this respect each city is usually divided in to different zones and for each zone one minimum standard of subdivision of land is specified. According to the urban land law the ceiling limit for the development of undeveloped lands in each city is up to two times of the highest minimum standards of subdivision of land in that city. This, however, could not exceed 1,000 square metres.³² For example, according to the master plan of Tehran, the minimum standards for the subdivision of land varied from 150 square metres to 330 square metres in the various zones of the city. Consequently, the ceiling limit for the development of undeveloped lands in Tehran was 660 square metres while it was 1,000 square metres in the 1979 law. A similar reduction was also applied to cities with populations less than 200,000 as the 1982

law set a maximum ceiling area of 1,000 square metres while the 1979 law had specified 1,500 a ceiling limit of 1,500 square metres in such cities.

The owners of unutilized urban lands were allowed to develop one plot of their land, up to the ceiling limit mentioned above, or sell it to the government. The excess areas of this land (neither the land nor its interests) were not transferrable except to the state and even then with government appraisal of the price.³³

In other words the main differences between the rights of owners of undeveloped and unutilized lands in urban areas can be classified as follows:

1 - The owners of undeveloped urban lands had to develop their lands up to the specified ceiling limit in the specified period of time. Otherwise their rights of development would lapse and the land would be owned by the state without payment of compensation. However, if the lands were recognised as unutilized lands the owners were allowed either to develop their lands or sell them to the government. The rights of ownership of this group of owners were granted by the state even if the actual development did not take place in a specified period of time.

2 - The surplus of developed urban land were automatically recognised as state property, while the excess of unutilized urban lands remained private property but were not transferrable to any one but the state.

The regulations of the ULL of 1982 were modified in 9-1-1985. According to the modified implementation regulations the government allowed the owners of undeveloped or unutilized land to develop their lands up to the ceiling limit regardless of the number of plots while the original law in 1982 had only allowed the owners to develop one plot, even if they owned several plots up to the ceiling limit. The owners of these plots of land were allowed to receive construction permission either for one or for all of the plots as long as the overall size of the plots did not exceed the specified ceiling limit. The owners were also allowed to receive construction permission for one plot and sell the other plots to the government or municipalities if they needed these lands. If these plots of land were acquired by the state the first level relatives, i.e., the children, brother, sister, father and mother, of the owner were in priority to purchase these lands from the government on the condition that they did not own any land or residential building.³⁴

The specified period of time for the development of these plots of land was until 20-3-1986 which was one year before the end of the legal limit for the implementation of the law itself.³⁵ In practice, however, this limit was extended by the enactment of the 1987 ULL.

Furthermore, the 1982 law specified that in jointly owned lands each of the joint owners of land could enjoy the privileges of the law up to the specified ceiling limit mentioned earlier, on the condition that they were not undertaken by each other (except

the spouse). They would be given the right of development of land just up to the ceiling limit if they were undertaken by one of the joint owners.³⁶

The conditions of the ownership of undeveloped lands under the 1987 law was the same as that of the 1982 law. Furthermore, those who owned an undeveloped urban land were eligible to develop 1,000 square metre of their land in the specified period of time on the condition that they did not own a suitable housing unit and had not used the privileges of the 1982 law.³⁷

As a consequence of this law the ceiling limit for ownership of undeveloped urban lands in cities which had a limit below 1,000 square metres such as Tehran was also increased to 1,000 square metres. Consequently, the government recognised the right of those who had developed their lands to an area less than 1,000 square metres to develop the difference of this amount up to the new ceiling limit if they had another piece of vacant land.³⁸

The specified period of time for the development of undeveloped urban lands in the 1988 law was three years.³⁹

Furthermore, according to provisions of this law, the Ministry of Housing and Urban Development is obliged to provide the lands needed for housing and urban facilities from the undeveloped urban lands and publicly owned lands in the 32 cities which was mentioned before. In addition, if the amount of such lands are not enough in those cities then the Ministry can purchase the

unutilized and even developed (cultivated) lands respectively with government appraisal of price in these cities, during five years (since september 1987 which is the date of enactment of the law).⁴⁰

On the other hand if the government or the municipalities of these cities proclaim that they do not need the unutilized or cultivated lands belonging to a person then according to the procedures of the Ministry of Housing and Urban Development the owners are allowed to subdivide and sell the land.⁴¹ However if the government or the municipalities claim that they need to buy these lands then the owners are allowed to develop one or several plots of their land up to the 1,000 square metre or sell it to the state. As in the previous law the excess lands are not transferrable except to the state at government stated rate. They are also allowed to provide infrastructure and dispose their excess lands with the supervision of Ministry of Housing and Urban development.⁴²

The government and municipalities in other cities can acquire unutilized or agricultural lands for public projects but they are not allowed to acquire these lands for transferring to people to house themselves.⁴³

Moreover, it should be noted that the 1982 ULL specified that all urban land, belonging to Ministries, Public Organisations, the Army, Banks, Foundations and revolutionary organisations should be transferred to the Ministry of Housing and Urban Development.

However in the 1987 Law the unutilized and cultivated lands of the other public agencies were exempted from this acquisition. The transfer of such lands by these organisations, however, could only be done with the permission of the Ministry of Housing and Urban Development.⁴⁴

The municipalities and related organisations were allowed to also keep their undeveloped lands. However, they could not transfer these lands without the permission of the Ministry of Housing and Urban Development.⁴⁵ A similar provision also exists for the endowed lands as well.⁴⁶

8.7. Acquisition Of Different Categories Of Urban Land In The Process Of Implementation Of The Land Laws (1979-1988).

The Abolition of Undeveloped Urban Lands Ownership Law of 1979 and the Urban Land Laws of 1982 and 1987 were enacted with the aim of limiting private ownership of vacant urban lands and acquiring of the excess lands for housing low income families in urban areas.

These laws have been implemented since 1979 and the Urban Land Law of 1987 is under implementation at present. The urban areas are expanding very rapidly because of the high growth rate of the population in these areas. In 1976 the urban population of Iran was 15.8 million or 47 percent of the total population. By 1986, however, this total had reached 26.9 million or 54.1 percent of the total population. The rate of increase of the urban population during this 10 years (1976-1986) has been 5.46 percent. This high rate of urbanisation is because of the high rate of population increase on the one hand (4 percent per annum during 1976-1986), and rural-urban migration on the other. As a consequence of this high rate of urbanisation; the boundaries of urban areas are expanding very fast, more lands come within the sphere of urban areas and the government is empowered to acquire them according to the laws. As a result the programme can be sustained in the long run to meet the urban land needs of an increasing urban population.

The total amount of urban land which were acquired by, and/or transferred to, the authority of the ULO in the Ministry of

Housing and Urban Development during the 10 year period of the beginning of 1979 to the end of 1988 was about 85,557 hectares. As it is shown in table number 11 about 41,272 hectares or 48 percent of these lands were already public property in the sense that they belonged to the various public organisations which had now had to be turned over to the ULO in the Ministry of Housing and Urban Development. Most of these lands were located around cities and had been nationalized prior to the revolution and had consequently become part of the city as a result of the expansion of these cities during the last decades.

The lands which were owned by different public organisations and transferred to the ministry of Housing and Urban Development had a high portion of ULO controlled lands in some provinces. As it is shown in table number 11, in the provinces of Sistan & Baluchestan, Khoozestan, Semnan, Fars and Hormozgan respectively about 97, 86, 85, 77 and 59 percent of ULO acquired land belonged to the different public organisations. Such high rates of public ownership of land in these provinces prior to the revolution is because the climate of these provinces were such that most of the land around these cities could not be cultivated and as such remained undeveloped even prior to the revolution. As a result public organisations were able to take ownership of much of this land without much competition from the private sector. It should be noted that this percentage in the province of Tehran was 15 percent and in some other provinces such as Yazd and Hamadan as low as 1 percent. In the two provinces of Mazandran and Gilan which are on the Caspian coast, and where most of the land around

Table 11 : Acquisition of public lands and different categories of privately owned lands by the ULO during the 10 year period of 1979 to 1988. (1,000 m2).

	PROVINCE	Total	Public Lands	Percentage	Undeveloped land	Percentage	Unutilised & Developed land	Percentage
	ALL URBAN AREAS	855569	412718	48	360006	42	82845	10
1	TEHRAN	84200	12441	15	66728	79	5031	6
2	KHORASAN	75146	24195	32	44317	59	6634	9
3	ISFEHAN	44043	19711	45	19089	43	5243	12
4	EAST-AZARBAYEJAN	11580	2078	18	2804	24	6698	58
5	FARS	62945	48617	77	8662	14	5686	9
6	KHOZESTAN	104878	90180	86	13543	13	1155	1
7	MAZANDARAN	9849	2375	24	3311	34	4163	42
8	WEST-AZARBAYEJAN	17231	3202	18	4965	29	9094	53
9	BAKHTARAN	12803	850	7	2442	19	9511	74
10	GILAN	18524	3234	17	12520	68	2770	15
11	KERMAN	69861	29213	42	36610	52	4038	6
12	ZANJAN	6068	269	4	4227	70	1572	26
13	LORESTAN	10037	4055	41	2648	26	3334	33
14	HAMADAN	27186	241	1	20828	76	6117	23
15	SISTAN & BALUCHESTAN	107775	104117	97	3447	3	211	---
16	MARKAZI	16055	2768	17	13287	83	---	---
17	KORDESTAN	12850	6037	47	1611	13	5203	40
18	YAZD	7820	51	1	7553	96	216	3
19	HORMOZGAN	46817	27703	59	18835	40	279	1
20	BOUSHEHR	63602	5229	8	58075	91	298	4
21	SEMNAN	18359	15693	85	1452	8	1214	7
22	CHAHAR-MAHAL & BAKHTIARI	22795	8968	39	11980	53	1847	8
23	ILAM	2785	419	15	364	13	2002	72
24	KOHKILOYEH & BOYER-AHMAD	2360	1073	45	708	30	579	25

Source : Urban Land Organisation, coordination and planning office, Annual Reports, 1979-1988.

these cities are either agricultural or forest, the proportion of the state owned lands were 24 percent and 17 percent respectively. The reason for this relatively higher public lands is that most of the forests and grazing lands in Iran were nationalised even prior to the revolution. In some provinces, such as these two, the expansion of cities led to the inclusion of much of these lands in the boundary of cities.

As again shown in table 11 about 36,000 hectares or 42 percent of the ULO acquired lands had been undeveloped land and just about 8,285 hectares or 10 percent of them was unutilized and developed lands. The government had to pay compensation for the acquisition of the latter two categories of the lands. In this respect it should be noted that as shown in table number 9 about 28,091 hectares of urban land were recognised as undeveloped lands during the 7 years of the implementation of the Urban Land Laws of 1982 and 1987. Therefore, the difference between the 36,000 hectares of undeveloped lands which were acquired by the ULO during the 10 year period of 1979-1988 and the 28,091 hectares of urban land recognised as undeveloped during the 7 year period of 1982-88 are those lands which were acquired by the ULO according to the 1979 Abolition of Undeveloped Urban Land Ownership Law. As mentioned before during that period, i.e., 1979-1981 all vacant urban lands were recognised as undeveloped lands.

As previously shown in table 9, during 1982-1988 the total amount of land which were recognised as unutilized lands have been about

16,829 hectares and the total amount of land which were recognised as developed lands have been about 25,183 hectares. Therefore the total amount of unutilized and developed lands have been about 42,012. As it is shown in table 11 by the end of 1988 about 8,285 hectares of these lands or about 20 percent was acquired by the ULO in return for the payment of compensation . The amount of vacant urban lands which were acquired in each province during each year of the period 1979 to 1988, as well as in all urban areas are presented in table number 12.

As it is shown in this table out of about 85,557 hectares of urban land which were acquired by, or transferred to, the ULO in all the urban areas about 10,778 hectares or 12.6 percent of them were located in the province of Sistan & Baluchestan, about 10,488 hectares or 12.2 percent in the province of Khoozestan and about 8,420 hectares or 9.8 percent in the province of Tehran. As discussed earlier the higher amount of total land acquired in the provinces is due to the existence of the huge amount of state owned land in the provinces that were transferred to the ULO in the Ministry of Housing and Urban Development.

The amount of already public land which were acquired by the ULO in the Ministry of Housing and Urban Development in each province and the urban areas of the country as a whole during the years 1979-1988 is shown in table number 13.

As it is shown in the above table out of about 41,272 hectares of publicly owned land, about 10,412 hectares or 25.2 percent of

Table 12 : Acquisition of urban land by the ULO during the 10 year period of 1979 to 1988 in all urban areas and the 24 provinces of Iran. (1,000 m2).

	PROVINCE	Total	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	Percentage
	ALL URBAN AREAS	855569	2904	24889	11761	45183	139877	169306	72842	201365	74699	112743	100.0
1	TEHRAN	84200	1959	353	3590	2392	5014	17206	11128	29025	9482	4051	9.8
2	KHORASAN	75146	---	---	---	5563	17163	37088	5357	5241	3885	849	8.8
3	ISFEHAN	44043	---	---	---	1443	8781	10977	11380	8254	2619	589	5.1
4	EAST-AZARBAYEJAN	11580	---	---	---	---	2211	2080	1907	4999	383	---	1.4
5	FARS	62945	909	3638	1177	21008	6819	14546	10969	2025	1266	588	7.4
6	KHOZESTAN	104878	21	152	324	---	2111	13145	7258	2418	3548	75901	12.2
7	MAZANDARAN	9849	---	338	196	138	1197	1484	2023	2753	1564	156	1.1
8	WEST-AZARBAYEJAN	17231	---	2405	986	1166	1338	1039	1349	4661	2233	2054	2.0
9	BAKHTARAN	12803	---	490	1772	---	1962	2154	1984	4423	---	18	1.5
10	GILAN	18524	---	---	---	39	10833	2625	1843	2476	450	258	2.2
11	KERMAN	69861	---	---	---	2981	42621	13566	3895	5108	1690	---	8.2
12	ZANJAN	6068	---	---	---	201	2675	175	441	319	1580	677	0.7
13	LORESTAN	10037	---	---	---	549	312	558	272	4859	1830	1657	1.2
14	HAMADAN	27186	---	17448	2968	291	894	1536	2096	1365	80	510	3.2
15	SISTAN & BALUCHESTAN	107775	---	---	---	698	2159	40554	437	32452	31438	37	12.6
16	MARKAZI	16055	---	32	---	2169	10033	1039	1268	1385	108	21	1.9
17	KORDESTAN	12850	---	---	---	337	5184	550	78	1448	33	5220	1.5
18	YAZD	7820	---	---	---	3250	252	487	820	2468	38	505	0.9
19	HORMOZGAN	46817	---	---	---	32	1071	1584	973	29566	340	13251	5.5
20	BOUSHEHR	63602	---	---	---	732	8027	362	3277	51106	76	22	7.4
21	SEMNAN	18359	15	33	59	1411	4679	5664	2783	3589	110	16	2.1
22	CHAHAR-MAHAL & BAKHTIARI	22795	---	---	104	304	2704	285	1023	104	11908	6363	2.7
23	ILAM	2785	---	---	---	378	601	343	131	1294	38	---	0.3
24	KOHKLOYEH & BOYER-AHMAD	2360	---	---	587	101	1236	259	150	27	---	---	0.3

Source: Urban Land Organisation, Coordination and planning office, Annual Reports, 1979-1988.

Table 13 : Acquisition of public land by the ULO during the 10 year period of 1979 to 1988 in all urban areas and the 24 provinces of Iran. (1,000 m2)

	PROVINCE	Total	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	Percentage
	ALL URBAN AREAS	412718	15	890	1234	29347	51689	86011	26459	85028	42823	89222	100.0
1	TEHRAN	12441	---	---	---	---	133	4330	2742	571	4141	524	3.0
2	KHORASAN	24195	---	---	---	5062	10779	771	2156	2165	2492	770	5.9
3	ISFEHAN	19711	---	---	---	500	3179	8672	3966	2292	749	353	4.8
4	EAST-AZARBAYEJAN	2078	---	---	---	---	294	982	---	802	---	---	0.5
5	FARS	48617	---	595	1168	21008	4903	13289	5332	1469	506	347	11.8
6	KHOZESTAN	90180	---	151	13	---	1304	6600	6403	1042	2047	72620	21.8
7	MAZANDARAN	2375	---	---	---	138	268	621	286	1058	---	4	0.8
8	WEST-AZARBAYEJAN	3202	---	60	---	---	---	5	33	1113	21	1970	0.8
9	BAKHTARAN	850	---	70	---	---	1	294	473	---	---	12	0.2
10	GILAN	3234	---	---	---	---	374	1495	640	701	14	10	0.8
11	KERMAN	29213	---	---	---	1	23774	3441	332	644	1021	---	7.1
12	ZANJAN	269	---	---	---	---	269	---	---	---	---	---	0.1
13	LORESTAN	4055	---	---	---	---	---	---	---	3352	---	703	1
14	HAMADAN	241	---	---	3	---	17	---	---	---	---	221	0.1
15	SISTAN & BALUCHESTAN	104117	---	---	---	---	6	40197	317	32383	31179	35	25.2
16	MARKAZI	2768	---	---	---	584	32	247	593	1312	---	---	0.7
17	KORDESTAN	6036	---	---	---	---	533	---	60	222	4	5217	1.5
18	YAZD	51	---	---	---	12	---	39	---	---	---	---	0
19	HORMOZGAN	27703	---	---	---	---	---	203	5	27402	---	93	6.7
20	BOUSHEHR	5229	---	---	---	---	---	---	---	5213	---	16	1.3
21	SEMNAN	15693	15	14	7	1411	3997	4524	2500	3225	---	---	3.8
22	CHAHAR-MAHAL & BAKHTIARI	8968	---	---	43	253	1049	45	540	62	649	6327	2.2
23	ILAM	419	---	---	---	378	41	---	---	---	---	---	0.1
24	KOHKILOYEH & BOYER-AHMAD	1073	---	---	---	---	736	256	81	---	---	---	0.3

Source: Urban Land Organisation, Coordination and Planning Office, Annual Reports, 1979-1988.

them were located in the province of Sistan & Baluchestan, about 9,018 hectares or 21.8 percent in the province of Khoozestan and about 4,862 hectares or 11.8 percent in the province of Fars, while just about 1,244 hectares or 3 percent of them in the province of Tehran.

The amount of undeveloped land which were acquired by the ULO during the period 1979 to 1988 in the cities of each province and in the urban areas of the country as a whole are presented in the table number 14.

As it is shown in the table out of a total of about 36,000 hectares 6,673 hectares or 18.5 percent were located in Tehran. On the other hand other provinces such as Bushehr, Khorasan and Kerman respectively had about 5,808 hectares or 16.1 percent, 4,432 hectares or 12.3 percent and 3,661 hectares or 10.2 percent.

Table number 15 is representative of the amount of unutilized and developed lands in each province and the urban areas of the country as a whole during the period 1982-1988.

As mentioned before, according to the provisions of the 1979 land law the state could only acquire those vacant urban lands recognised as undeveloped. As a result the acquisition of unutilized and developed (agricultural) lands actually started from 1982 by the enactment of the Urban Land Law. According to table 11 the amount of acquisition of these lands in comparison

Table 14 : Acquisition of undeveloped land by the ULO during the 10 year period of 1979 to 1988 in all urban areas and the 24 provinces of Iran. (1,000 m2).

	PROVINCE	Total	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	Percentage
	ALL URBAN AREAS	36006	2889	23999	10527	14521	64426	71951	31905	93214	24056	22518	100.0
1	TEHRAN	66728	1959	353	3590	2392	4693	12803	6923	25201	5327	3487	18.5
2	KHORASAN	44317	--	--	--	501	4574	34749	2447	1511	469	66	12.3
3	ISFEHAN	19089	--	--	--	642	2986	2110	6167	5162	1556	166	5.3
4	EAST-AZARBAYEJAN	2804	--	--	--	--	--	157	--	2647	--	--	0.8
5	FARS	8662	909	3043	9	--	282	--	4187	94	31	107	2.4
6	KHOZESTAN	13543	21	1	311	--	348	6545	196	1376	1501	3244	3.8
7	MAZANDARAN	3311	--	338	196	--	738	180	788	862	60	194	0.9
8	WEST-AZARBAYEJAN	4965	--	2345	986	837	45	157	393	118	--	84	1.4
9	BAKHTARAN	2442	--	420	1772	--	--	202	42	--	--	6	0.7
10	GILAN	12520	--	--	--	39	9365	869	760	1405	59	23	3.5
11	KERMAN	36610	--	--	--	2980	16560	9627	3493	3505	445	--	10.2
12	ZANJAN	4227	--	--	--	201	1358	40	407	313	1231	677	1.2
13	LORESTAN	2648	--	--	--	--	39	--	--	47	1790	772	0.7
14	HAMADAN	20828	--	17448	2963	53	286	4	27	28	19	--	5.8
15	SISTAN & BALUCHESTAN	3447	--	--	--	698	2071	340	80	62	194	2	1.0
16	MARKAZI	13287	--	32	--	1585	10001	792	675	73	108	21	3.7
17	KORDESTAN	1611	--	--	--	140	1126	--	10	325	--	--	0.4
18	YAZD	7553	--	--	--	3238	214	407	700	2451	38	505	2.1
19	HORMOZGAN	18835	--	--	--	32	1071	1381	968	2164	61	13158	5.2
20	BOUSHEHR	58075	--	--	--	732	8027	362	3277	45461	30	6	16.1
21	SEMNAN	1452	--	19	52	--	1	933	250	168	13	16	0.4
22	CHAHAR-MAHAL & BAKHTIARI	11980	--	--	61	50	445	131	98	42	11124	29	3.3
23	ILAM	364	--	--	--	--	196	159	--	9	--	--	0.1
24	KOHKILOYEH & BOYER-AHMAD	708	--	--	587	101	--	3	17	--	--	--	0.2

Source : Urban Land Organisation, Coordination and Planning Office, Annual Reports, 1979-1988.

Table 15 : Acquisition of unutilised and developed land by the ULO during the 10 year period of 1979 to 1988 in all urban areas and the 24 provinces of Iran. (1,000 m2).

	PROVINCE	Total	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	Percentage
	ALL URBAN AREAS	82845	--	--	--	1315	23762	11344	14478	23123	7820	1003	100.0
1	TEHRAN	5031	--	--	--	--	188	73	1463	3253	14	40	6.1
2	KHORASAN	6634	--	--	--	--	1810	1568	754	1565	924	13	8.0
3	ISFEHAN	5243	--	--	--	1	2616	195	1247	800	314	70	6.3
4	EAST-AZARBAYEJAN	6698	--	--	--	--	1917	941	1907	1550	383	--	8.1
5	FARS	5666	--	--	--	--	1934	1257	1450	462	729	134	6.8
6	KHOZESTAN	1155	--	--	--	--	459	--	659	--	--	37	1.4
7	MAZANDARAN	4163	--	--	--	--	191	683	949	833	1504	3	5.0
8	WEST-AZARBAYEJAN	9064	--	--	--	329	1293	877	923	3430	2212	--	10.9
9	BAKHTARAN	9511	--	--	--	--	1961	1658	1469	4423	--	--	11.5
10	GILAN	2770	--	--	--	--	1094	261	443	370	377	225	3.3
11	KERMAN	4038	--	--	--	--	2287	498	70	959	224	--	4.9
12	ZANJAN	1572	--	--	--	--	1048	135	34	6	349	--	1.9
13	LORESTAN	3334	--	--	--	549	273	558	272	1460	40	182	4.0
14	HAMADAN	6117	--	--	--	238	591	1532	2069	1337	61	289	7.4
15	SISTAN & BALUCHESTAN	211	--	--	--	--	82	17	40	7	65	--	0.3
16	MARKAZI	--	--	--	--	--	--	--	--	--	--	--	--
17	KORDESTAN	5203	--	--	--	197	3525	550	8	891	29	3	6.3
18	YAZD	216	--	--	--	--	38	41	120	17	--	--	0.3
19	HORMOZGAN	279	--	--	--	--	--	--	--	--	279	--	0.3
20	BOUSHEHR	298	--	--	--	--	--	--	--	252	46	--	0.4
21	SEMNAN	1214	--	--	--	--	681	207	33	196	97	--	1.5
22	CHAHAR-MAHAL & BAKHTIARI	1847	--	--	--	1	1210	109	385	--	135	7	2.2
23	ILAM	2002	--	--	--	--	364	184	131	1285	38	--	2.4
24	KOHKILOYEH & BOYER-AHMAD	579	--	--	--	--	500	--	52	27	--	--	0.7

Source : Urban Land Organisation, Coordination and Planning Office, Annual Reports, 1979-1988.

to undeveloped lands is very low, i.e., 10 percent in comparison to 42 percent of the total. This is because the government would have to pay compensation for these lands. On the other hand table 15 shows that out of the 8,285 hectares of unutilized and developed land which were acquired by the ULO about 951 hectares or 11.5 percent was located in the province of Bakhtran, about 906 hectares or 10.9 percent in the province of West-Azerbayejan and about 670 hectares or 8.1 percent in the province of East-Azerbayejan. This is because most of the lands located around the cities of these provinces are agricultural and the lands located within the city limits of these cities have been cultivated in the past or are even under cultivation at present. The amount of these lands in the province of Tehran was about 503 hectares or 6.1 percent of the total amount. This is very low in comparison with the amount of undeveloped lands, i.e., 6,673 hectares according to table number 14. This is because of the rapid expansion of the city of Tehran in mostly undeveloped lands around its boundaries.

8.8. Conclusion.

This chapter has examined the effects of the 1979 revolution and the implementation of the subsequent urban land laws on urban land ownership pattern in Iran between 1979-1988.

It has been shown that immediately after the revolution a large amount of land was occupied by private citizens directly or allocated by the revolutionary courts and organisations without the consent of the local municipalities by the circumvention of the existing legal framework of the time. Between February-June 1979 these actions provided a total amount of 6,857,103 square metres of land for the housing requirements of the urban low income households. However, as they were mainly outside the service boundary of local municipalities it led to a rapid horizontal expansion of cities which created many problems in terms of service provision for these areas.

In an effort to control and direct these primary actions and provide greater equity and efficiency in the urban land market the government introduced its first law on urban land ownership in June 1979. This law was subsequently amended and reintroduced in 1982 and 1987 in order to make further clarifications with regard to the jurisdictions of the law on various types of urban land according to its history of development and to expand the area of coverage of the laws to new towns and the protected boundary of cities. In this respect the 1979 law had originally divided urban lands into two categories of undeveloped (Mavat)

and developed (Dayer) land. This law only recognised the private ownership of developed lands and the remainder became available for confiscation. These classifications, however, were abandoned due to objections on grounds of Islamic law and other issues. Consequently, in 1982 a revised version of the law was enacted which added a further category of unutilized (Bayer) urban land which were vacant plots that had a history of development some times in the past. The private ownership of these lands was also recognised under the law. In a further amendment in 1987 the law required that private owners of unutilized lands should sell their plots to the government in 32 of the largest cities.

The ceiling limit for the private ownership of undeveloped land varied according to the three laws which were enacted during the period of the study. In 1979 the ceiling limit for private ownership was 1,000 square metres for cities over 200,000 population and 1,500 metres for cities with less population. In 1982 the ceiling limit for the larger cities was reduced to about 660 square metres and the smaller ones to 1,000 square metres. In the 1987 law, however, the ceiling limit for all areas was changed to 1,000 square metres. On the other hand while initially under the 1979 law a time period of three years was set for the development of these lands; the amendment of the 1979 law and the enactment of subsequent laws extended this limit until 1990.

This chapter shows that the policy of limitation of private ownership of urban land in Iran was implemented in a comprehensive and serious manner since from the time of the

enactment of the first law on urban land in 1979 and until 1988 a total of 85,557 hectares of urban land was either acquired by, or transferred to the authority of, the Urban Land Organisation. These comprised about 41,272 hectares of land which were previously owned by the government and 36,000 hectares which had been classified as undeveloped (Mavat) land and confiscated from the private sector without the payment of compensation. To this must be added a further 8,258 hectares which were developed or unutilized lands and were acquired in return for the payment compensation. The total amount of urban land which was identified as unutilized and developed land, however, was 16,829 and 25,183 hectares.

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9. ALLOCATION OF THE ACQUIRED URBAN LANDS FOR PROVISION OF HOUSING AND RELATED URBAN FACILITIES.

As mentioned before, the Urban Land Organisation acquired large tracts of urban land in the process of implementation of the three different laws which were enacted from the beginning of the revolution. In this regard the total amount of land which were acquired by, and transferred to the authority of, the ULO has been about 85,557 hectares during the 10 year period of 1979-1988.

At the same time the Urban Land Organisation started to transfer the acquired lands for the provision of housing and urban facilities. Some of these lands were located inside the city limits and some lying around them but inside the legal limit of the cities as well as the protected limit which are legally set around all urban areas in Iran. The vacant lands could be transferred immediately after acquisition, but some of them were large plots which required new subdivision plans. It was necessary under its new responsibility for the government to supply infrastructure to those lands without it. This was especially the case with those lands which were located outside the servicing limit of the municipalities and consequently had always lacked any kind infrastructural services. As a result the Ministry of Housing and Urban Development has commissioned many land development schemes for the provision of infrastructure and the transference of serviced plots to eligible applicants.

This chapter reviews the process and extent of land allocation

programme by the government during 1979-1988 according to the details of allocation to the various types of applicants and provinces. In this respect it should be noted that the eligibility criteria for the allocation of land does not include an income threshold for the applicants. However, as is explained in part one of the chapter a detailed analysis of the various categories of the beneficiary applicants and the eligibility criteria allows the thesis to make a reasoned assumption as to the inclusion of low and lower middle income households in the programme. In addition a detailed analysis of the amount of overall allocations in the various provinces of the country provides a more comprehensive understanding of the allocation process and the implementation programme in the country as a whole. Consequently, this chapter provides a relatively detailed analysis of the data of the amount of allocation and categories of beneficiaries of the programme in its various parts which is then brought together in the concluding chapter to provide a more comprehensive conclusion of the implementation programme and the incomes of the beneficiary households.

The chapter itself is comprised of eleven parts. Part one looks at the legal process of the allocation of land for housing and public facilities. Part two examines the relationship between the amount of land which was acquired and allocated. Part three reviews the overall allocation of land and according to its intended use for residential and non-residential buildings. Parts four and five respectively review the overall allocation of land for housing and for the different categories of applicants on the

basis of individual families, housing cooperatives, and public or private land developers. Part six looks at the average size of plots allocated for housing units. Part seven reviews the overall allocation of land for housing to individual families and according to the different categories of individual family applicants on the basis of individual applicants, replaced land, immigrants of the Iran-Iraq war, martyrs families and others. Part eight reviews the overall allocation of land for construction of housing to cooperative societies and according to the different categories of cooperative societies on the basis of workers, government employees, Army and security personnel, and others. Parts nine and ten respectively review the overall allocation of land for construction of housing to public and private developers and according to the different public organisations and private companies. Part eleven is the conclusion to the chapter.

9.1. Regulations For Allocation Of Urban Lands For Provision Of Housing And Public Facilities.

The regulations of the various Iranian land laws for allocation of urban land for provision of housing and public facilities to applicants is an important tool in ensuring that such allocation fulfils the basic objective of these laws which were to expand the provision of low and middle income housing in the urban areas of the country. This can be either directly through allocation of land to the individual applicants themselves or through controlled allocation of land to cooperatives and private builders in such a way that it would result in the provision of housing affordable to such income groups. In an effort to provide a basic tool for ascertaining the effectiveness of the allocation programme in the Iran in expanding low income housing provision a relative detailed description of these regulations is provided in this part of the chapter.

According to the 1979 Abolition of Undeveloped Urban Lands Ownership Law the government had the responsibility of subdividing the plots of land that were acquired. These plots could then be transferred to eligible applicants who applied to receive land for housing construction.¹ Furthermore, those lands which were located inside the service limit of the cities would be allocated free for provision of public facilities at first instance. If, however, the acquired lands were more than the public requirement then they would be disposed to private applicants for housing construction.²

The lands which were situated between the service limit and legal limits of the cities, i.e., the lands reserved for the next phases of the expansion of cities, had to be serviced in accordance to the detailed master plan of cities. The lands which were allotted for public requirements would be transferred freely to the related organisations and those which were allotted for housing for eligible applicants would be sold to private applicants.³

Those lands which were serviced and subdivided for the construction of housing units would have been sold to eligible applicants taking into account the following measures for the determination of priorities.

1) The applicant and his/her children (those who were under the guardianship of him/her) did not own any dwelling unit or piece of land.

2) The date of residing in the city of the application should not have been after March 1979 and those who had resided longer in the city concerned should be given priority for receiving land.

3) The applicant should have the financial capacity to construct the dwelling.

If the number of applicants with the same preference was more than the available plots of land then the plots of land would have been sold by drawing lots.⁴ Housing construction companies

could apply to purchase the land as well. They had to construct individual housing units or residential complexes (apartments) and to sell them at prices not exceeding that which was determined by the Ministry of Housing and Urban Development.⁵

The Ministry of Housing and Urban Development would determine the price of serviced plots based on average cost of infrastructure plus some percentage for overhead costs by taking into account the criteria of using plots according to land use plans.⁶ Finally, the title deeds of the plots would only be issued after the construction of dwelling units.⁷

On the other hand according to the urban land law of 1979, the Ministry of Housing and Urban Development was obliged to provide infrastructure for undeveloped or unutilized lands which were acquired in accordance with the approved urban plans and transferred to individual families, housing cooperative societies, housing construction companies, factories and workshops (for their workers Islamic Revolutionary Organisations) and Banks (which were responsible for investment in housing) for the provision of housing. The Urban Land Organisation had the responsibility of transferring the lands to individual citizens for the construction of business places and public services as well. It also had the responsibility of transferring land to public organisations, municipalities, islamic revolutionary organisations and banks for their non-residential purposes such as administrative buildings and other installations.⁸

Furthermore, the new law provided that the allocation of land to individual families for the provision of housing should be made according to the following measures:

1) The applicant, his or her spouse and children (which were under his/her guardianship) did not own any housing unit or piece of land from March 1982, which was the date of the enactment of the law, in the whole country.

2) The applicant would have to be married or at least 25 years old in age.

3) The applicant should have resided at the concerned city for at least 5 years before the submission of the application form. In the province of Tehran the residency rule was extended to a minimum period of 10 years. Those who had lived longer in the city concerned were to be given priority.

4) The term of period of residency mentioned above should be considered for who had migrated to the cities which were chosen by the Ministry of Housing and Urban Development which were planned to accept more migrants. This period of time should be reduced for government employees who had been appointed and resided to various cities by the government during their public services.

5) The applicant should be financially able to construct the housing unit.

6) The war invalids and the family of martyrs (those killed during the war or in line of public duty) who were introduced by the Martyr's foundation were to be given priority than the others.

7) In cases of equal conditions of applicants those who had more children under their guardianship or those who had resided longer in the city had priority to receive land. In the cases of great numbers of applicants the plots of land would be transferred by drawing lots.

8) Those who had owned one plot of land for housing themselves but that plot had been nationalised according to the provision of the Nationalisation of Forests and Grazing Lands Law of 1963 were obliged to receive one plot of land as replacement land with the right of priority if they had the other conditions mentioned above.

9) Those who owned one plot of land and their lands were acquired by the state or banks before the application of the Implementation Regulations of the 1979 Abolition of Undeveloped Urban Land Law had priority for receiving one plot of land if they were qualified in terms of the other conditions.

10) Transference of the land in the different Zones of the city should be according to the regulations for land use in terms of density. It would be possible to transfer one plot of land jointly to one group of applicants to construct one residential

complex.⁹

Transference of land for provision of housing to housing cooperatives should be subject to the following measures:

1) The housing cooperative society should be legally registered and give a formal guarantee that did not own land adequate land proportionate to the number of its members who were qualified for receiving urban land.

2) Each member of the cooperative society should be qualified in terms of conditions number 1 to 3 which were mentioned earlier for individual applicants.

3) The housing cooperative societies must have saved and have ready at least 25 to 50 percent of the cost of construction in addition to the price of land at the time of signing the agreement for the transference of the land.

4) The area of land subject to transference should be proportionate to the number of the members of the cooperative society, the area required for the housing units according to the size of families and in accordance with the density of the related zone.¹⁰ Those housing cooperative societies belonging to the members of staff and employees of public organisations and companies had priority for receiving land in comparison to other cooperative societies on the condition that they were qualified in terms of the other above mentioned conditions.¹¹

Transference of land to house builders (either individual builders or legal entities) and those who were ready to invest for construction of low income housing for sale or for rent should be subject to the following conditions:

1) House builders, either individual persons or legal entities, had to guarantee that they had the necessary financial resources for the construction of the housing units.

2) The allocated lands to individual builders could not exceed more than 10 housing units at each term of transference.

3) The amount of land allocated for the construction of housing by legal entities had to be proportionate to their plans but not exceed more than 50 housing units and the necessary service areas at each term of transference.

4) Housing projects had to be planned according to the criteria determined by the Ministry of Housing and Urban Development in terms of area of each unit, building materials and so on. The housing units should be sold to eligible applicants who would be introduced by the Urban Land Organisation and with prices determined by the Ministry of Housing and Urban Development after the completion of projects.¹² Finally, additional transference of land for the construction of further new housing projects could only take place after the completion of at least 80 percent of the existing project.

The conditions for the maximum number of housing units and additional transference of the land for the construction of new housing projects did not apply to public institutions and revolutionary organisations who were also responsible for housing provision.¹³

The owners of unutilized land plots whose area exceeded the specified ceiling limit, and which were not acquired previously, could construct. The housing units should be sold to eligible applicants who would be introduced by the Ministry of Housing and Urban Development.

On the other hand the transference of land for the construction of institutional housing units to public organisations had to take place by the approval of the Ministry of Housing and Urban Development.¹⁴

Transference of land for the housing requirements of workers of factories and workshops would only take place on the condition that these institutions would agree to investing in the construction of the houses. Furthermore, they had to sell the housing units to those of their workers who had worked in their institution for at least 2 years at cost price without any profit. The two year work experience condition was not applicable to the newly established factories.¹⁵

In addition to the above, the transference of land for the construction of institutional housing units by legally registered

factories and workshops had to take place according to the following measures:

1) The necessity of construction of institutional housing units should be approved by the Ministry of Housing and Urban Development.

2) The applicant had to obtain the licence for the establishment of the factory or workshop from the concerned authorities.

3) The list of workers from whom the institutional housing units were being built had to be approved by the Ministry of Work and Social Affairs.

4) The workers had to be at least 18 years old.

5) The number of workers had to be at least 20 persons.

6) The housing project had to be according to regulations determined by the Ministry of Housing and Urban Development in terms of the area of the units and construction materials.

7) The institution had to have the financial ability to construct the housing projects and the number of the units had to be more than 50 units. The allocation of land for new housing projects could take place after the completion of at least 80 percent of the previous project.

8) The institutional housing units which were constructed would follow the related provisions of using such housing units.

The conditions for the transference of land for the construction or expansion of different institutions, factories, services, workshops and business buildings should be as follows¹⁸:

1) The applicant had to be the owner of the proposed unit and be financially able to construct the building.

2) The purpose for which the applicant had applied for the land had to be the only job of the applicant.

3) The applicant had to obtain the licence for the establishment of the proposed institution from the concerned authorities.

4) The plots of land which were allocated had to be in the correct zone according to the zoning regulations provided by the master plans of each city. In the case of the absence of a master plan for a city the plan for the use of these lands would have had to be approved by the concerned municipality.

5) The applicant had to have resided in the city concerned for at least 5 years before the submission of the application form. In Tehran this period was increased to 10 years.

6) Eligible war invalids and the martyrs families had priority to receive land. However, in cases of equal conditions those who

had more children or persons under their guardianship or those who had resided longer in the city concerned were given preference for receiving land first.

7) Those who had migrated to certain cities chosen by the Ministry of Housing and Urban Development, and who were ready to invest in the productive sectors such as industries and public services (except for business) had preference for the allocation of the required land without taking in to consideration the conditions for the minimum term of residency.¹⁷

In all cases that land was transferred for the construction of housing and other public or private institutions to individual families, public or private institutions and revolutionary organisations; the transference of the title deeds to the name of the applicants could only be made after the construction of the building and the issue of the completion certificate by the related municipalities. The agreements of the transference of the lands was adequate for the issue of construction permission by the related municipalities and for obtaining mortgage finance from the banks and other borrowing institutions. The housing units which were constructed in these lands were not transferrable to others for five years after the date of the transference of the land to the applicant by the Urban Land Organisation.¹⁸

Any transference of land by the Urban Land Organisation had to take place against receiving the price of the land which was set

by the Ministry of Housing. However, in cases where the applicant could not afford to purchase the land under any means, if foundations or public organisations responsible for helping low income families for housing provision accepted to help them, then the land would be transferred at discount rates to them and the above-mentioned foundations or organisations would pay the remainder of the price of the land.¹⁹

As far as the Urban Land Law of 1987 is concerned, however, the government has been responsible for acquiring the undeveloped land in all urban areas and to purchase the unutilized and the developed lands in 32 cities for the following purposes:

A) Subdivision and disposal of the land to those applicants who are eligible for receiving one plot of land for housing themselves, or the implementation of housing projects by the Ministry of Housing and Urban Development.

B) Preparation of public services and administrative buildings, implementation of approved urban plans and projects and the replacement of land for those lands which were acquired due to the requirement of their sites for public projects by the central government or the various ministries, municipalities, public institutions, companies, etc.

C) Acquiring land needed for the protection of the national and cultural heritage.²⁰

The Ministry of Housing and Urban Development is responsible for preparing the necessary infrastructure for lands according to the approved land development project before the transference.²¹

In this respect it should be explained that land development projects include the following activities:

A) The preparation of land by levelling and the construction of paved roads, water and electricity supply networks, sewerage system, etc.

B) The construction of schools, health centres, police stations, green spaces, fire stations, space for commercial buildings, and so on.

In short the authorities in charge of this transference should provide the necessary infrastructure before transferring the plots.

If the housing cooperative societies are able to provide all or part of the infrastructure they could do so according to the requirements of the Ministry of Housing and Urban Development. The cost of such infrastructure provided by these units will be reduced from the prices of their lands at the time of determining the final price of the land for transaction.²²

The owners of the unutilized and developed lands who obtain the right of transference of their excess lands are eligible to

provide subdivision plans, together with the plans for development of the land, for ascertaining the cost of preparation of infrastructure and submit them for approval by the Ministry of Housing and Urban Development.²³

The transference of land to individual families for provision of housing will take place under the following measures:

1) The applicant and the persons under his or her guardianship can not be the owner of any housing unit or urban land in the whole country from March 1982 (i.e., the date of enactment of the first ULL).

2) The applicant must be at least 30 years old if single and 25 years old if married.

3) The applicant should not have received any housing unit or land through public organisations, foundations or revolutionary organisations in the whole country from the date of the victory of the Islamic republic, i.e., the 12th of February 1979.

4) The applicant should have resided in the 32 cities which were mentioned previously for at least 5 years. In Tehran this time limit is 10 years and in the other cities at least 3 years before 5th of September 1987 (i.e., the date of enactment of the second ULL).²⁴ Transference of land to housing cooperative societies will take place if all members are qualified according to the above conditions.²⁵

The housing cooperative societies belonging to government employees and workers have priority to receive land rather than the other cooperative societies.²⁶

Transference of land for construction or expansion of workshops or business buildings will take place according to the following measures:

1) The applicant should be financially able to construct the building.

2) The applicant should have obtained the legal licence for the establishment of the proposed work.

3) The allocated land should be located in the zones with the same function according to the approved Master Plan of the city. Furthermore, in cities without a Master plan the transfer shall occur with consultation with the concerned municipality.

4) The applicant should have resided in the city concerned for at least 5 years prior to the submission of the application.

5) The latter condition mentioned above will not be taken in to account in some cities. In these areas investments for productive and service activities are emphasised by the Ministry of Housing and Urban Development and land will be transferred with the appropriate discount in these cities.²⁷

The price of lands which are transferred by the state shall not exceed the ratable prices. However, if the lands are given a cost more than the ratable prices because of the cost of provision of infrastructure then the lands will be transferred at cost price to the government. The price of each plot must be determined according to the advantages taken from the infrastructure and other services. Nevertheless the total price of plots should not exceed the total cost of land plus the cost of infrastructure in a particular project.²⁸

The Ministry of Housing and Urban Development is permitted to construct the commercial buildings necessary for residential areas and transfer them to the private sector.²⁹

Finally, in order to facilitate the provision of infrastructure and public services as well as the development of new or satellite towns the Ministry of Housing and Urban Development is also permitted to establish development and construction companies itself or by the contribution of private sector, subject to the approval of the cabinet.³⁰

The regulations for the allocation of land are indicative of a conscious effort by the Iranian authorities to ensure that only eligible families who do not own any land or housing units benefit from the allocation programme. In addition preference is clearly given to individuals with child dependents and families of war martyrs. In spite of this, however, the regulations are such that the programme is open to all applicants who satisfy the

eligibility criteria in all parts of the urban areas of the country. This openness is a major step towards ensuring that a wide section of landless households who are in need of housing can enjoy the benefits of the programme.

Nevertheless, it should be stated that while the regulations do not specify an income threshold for eligibility of applicants it is reasonable to assume that at least a large proportion of landless and homeless families would be low and lower middle income households. In addition the provisions for group construction of housing by cooperatives, factories and even large scale private builders also supports the belief that low income families have largely benefitted from this programme. This is due to the fact that such housing cooperatives were set up by the workers and employees of the many different public/private factories, trades and organisations who in the main represent the low and middle income households. Furthermore, housing construction by factories was solely for the workers of these factories. Finally, while the 1982 and 1987 Urban Land Laws allow the allocation of land to private developers for housing construction their activity is controlled by these laws in such a way that they would have to build their units according to a set criteria. Moreover, while they could sell a certain percentage of their units on the open market they would also have to sell an agreed percentage of their units at set prices to eligible households who would be introduced by the Ministry of Housing and Urban Development. It should also be noted that in addition to these groups land was also allocated to several

public organisations such as oppressed people's foundation and the Ministry of Housing who were active in the construction of housing units specifically for the lower income groups. The details of allocations to the various categories of applicant, either individual, cooperatives, and private or public bodies is provided in the following parts of this chapter.

9.2. Relationship Between The Amount Of Land Which Were Acquired And Allocated.

The total amount of land which has been allocated during the stated 10 years of 1979 to 1988 was about 14,103 hectares or 16.5 percent of the total amount of the ULO acquired 85,557 hectares. Therefore, about 71,454 hectares or 83.5 percent of the lands which were acquired by the ULO would have been available for transfer in future. In other words the amount of land which is available for disposal is five times more than those which were already transferred. The total amount of land which was acquired and allocated by the ULO during 10 years (1979-1988), as well as the amount of available land for allocation in all urban areas and the 24 provinces of Iran is presented in table number 16.

As shown in table 16, the percentage of allocated land in the different parts of the urban areas of the country ranged from about 6 percent to over 98 percent depending on the province. The percentage of allocation in Tehran was only about 18 percent which, while being higher than average of 16.5 percent for all the urban areas, is still lower than the figure for about half of the provinces of the country. Although it must be stated that a few provinces such as Busher and Yazd had considerably lower figures of about 6 percent. The variations in these figures are indicative of the different scale of administrative and allocation problems in the different provinces of the country. Consequently, it can be seen that the full implementation of the allocation programme in some provinces requires further work and time. Moreover, the low allocation figures in these provinces,

Table 16 : The amount of land which was acquired and allocated by the ULO during the 10 year period of 1979 to 1988 and the amount of available land for allocation in all urban areas and the 24 provinces of Iran. (1,000 m2).

	PROVINCE	The acquired land	The allocated land	Percentage	The land available for allocation	Percentage
	ALL URBAN AREAS	855569	141033	16.5	714536	83.5
1	TEHRAN	84200	15342	18.2	68858	81.8
2	KHORASAN	75148	13962	18.6	61184	81.4
3	ISFEHAN	44043	13246	30.1	30797	69.9
4	EAST-AZARBAYEJAN	11580	8159	70.5	3421	29.5
5	FARS	62945	5289	8.4	57656	91.6
6	KHOOZESTAN	104878	16710	15.9	88168	84.1
7	MAZANDARAN	9849	4277	43.4	5572	56.6
8	WEST-AZARBAYEJAN	17231	4790	27.8	12441	72.2
9	BAKHTARAN	12803	4886	38.2	7917	61.8
10	GILAN	18524	6885	37.2	11639	62.8
11	KERMAN	69861	8752	9.7	63109	90.3
12	ZANJAN	6068	1842	30.4	4226	69.6
13	LORESTAN	10037	1943	19.4	8094	80.6
14	HAMADAN	27186	5385	19.8	21801	80.2
15	SISTAN & BALUCHESTAN	107775	6937	6.4	100838	93.6
16	MARKAZI	18055	3025	18.8	13030	81.2
17	KORDESTAN	12850	2164	16.8	10686	83.2
18	YAZD	7820	3618	46.3	4202	53.7
19	HORMOZGAN	46817	2954	6.3	43863	93.7
20	BOUSHEHR	63602	3868	6.1	59736	93.9
21	SEMNAN	18359	2766	15.1	15593	84.9
22	CHAHAR-MAHAL & BAKHTIARI	22795	3282	14.4	19513	85.6
23	ILAM	2785	633	22.7	2152	77.3
24	KOHKILOYEH & BOYER-AHMAD	2360	2320	98.3	40	1.7

Source : Urban Land Organisation, Coordination and Planning Office, Annual Reports, 1979-1988.

in comparison to the acquired land, shows that there is still great scope for the allocation of further land for the provision of low income housing. This is specially applicable to Tehran where there is the greatest shortage of suitable urban land for low income families due to the huge demand that exists there as the primate city of the country. However, it should be noted that part of the reason for the lower allocation in Tehran in comparison to other cities is also due to a deliberate policy of the government to limit migration to Tehran by providing housing and other incentives in other urban areas.³¹

9.3. Allocation Of Land For Construction Of Residential And Non-Residential Buildings By The Urban Land Organisation.

As mentioned previously in the discussions concerning the provisions of the Laws, the government is responsible for transferring the serviced plots of land for the provision of housing as well as for the construction of commercial buildings and public facilities to private, cooperative and public sectors. The amount of residential and non-residential land which was transferred annually by the ULO in the cities of each province during the 10 year period of 1979-1989, as well as in all urban areas of Iran, is shown in table no, 17. In this regard a total of 14,103 hectares of land was allocated by the ULO for both residential and non-residential use.

In Khuzestan province this was about 1,671 hectares or 11.8 percent of the total amount in the country which is the highest level among the different provinces. This is partly because many urban areas of this province were demolished during the first year of the Iran-Iraq war. These included large cities such as Abadan and Khoramshahr which were almost completely destroyed during this time. The government started reconstruction of these cities after recapturing them in 1982. Large amounts of land were transferred to the migrants of the war who went back to their cities and started to construct housing units for themselves. This is corroborated by the fact that this province also has the largest share of land transferred for residential use. This is explained in the next part of the chapter.

Table 17 : Allocation of land for construction of residential and non-residential buildings by the ULO during the 10 year period of 1979 to 1988 in all urban areas and the 24 provinces of Iran. (1,000 m2).

	PROVINCE	Total	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	Percentage
	ALL URBAN AREAS	141033	18	4691	10995	3102	21046	26073	20990	19537	17971	19710	100.0
1	TEHRAN	15342	18	853	3350	447	925	1526	1789	1427	2705	2296	10.9
2	KHORASAN	13962	--	--	--	14	4325	2759	2073	1343	1491	1957	9.9
3	ISFEHAN	13246	--	--	--	299	2657	3216	820	2485	1999	1860	9.4
4	EAST-AZARBAYEJAN	8159	--	--	--	212	883	1714	1754	1227	1302	1067	5.8
5	FARS	5289	--	--	--	27	632	1621	1085	867	722	335	3.8
6	KHOZESTAN	16710	--	86	532	370	1597	4127	4614	2191	1887	1306	11.8
7	MAZANDARAN	4277	--	64	501	--	232	458	811	1018	704	489	3.0
8	WEST-AZARBAYEJAN	4790	--	848	508	101	571	779	841	473	372	299	3.4
9	BAKHTARAN	4886	--	404	534	58	200	1318	735	462	412	763	3.5
10	GILAN	6885	--	--	2510	333	637	832	654	1048	500	371	4.9
11	KERMAN	6752	--	--	--	34	1175	1348	1079	1162	739	1215	4.8
12	ZANJAN	1842	--	--	--	73	296	198	295	391	369	220	1.3
13	LORESTAN	1943	--	68	47	--	528	347	234	248	300	171	1.4
14	HAMADAN	5385	--	1594	1020	210	381	369	721	408	432	250	3.8
15	SISTAN & BALUCHESTAN	6937	--	--	--	32	1170	1302	823	1677	1131	802	4.9
16	MARKAZI	3025	--	359	184	81	514	482	228	387	379	411	2.1
17	KORDESTAN	2164	--	--	--	--	990	386	140	361	172	115	1.5
18	YAZD	3618	--	--	--	242	666	534	362	315	266	1233	2.6
19	HORMOZGAN	2954	--	72	262	86	503	483	325	294	631	298	2.1
20	BOUSHEHR	3866	--	--	--	2	467	940	764	677	469	547	2.7
21	SEMNAN	2766	--	126	540	144	433	535	306	264	164	254	2.0
22	CHAHAR-MAHAL & BAKHTIARI	3282	--	211	748	72	816	311	124	332	390	278	2.3
23	ILAM	633	--	--	--	19	47	65	39	146	210	107	0.5
24	KOHKILOYEH & BOYER-AHMAD	2320	--	--	261	246	491	425	274	332	225	66	1.6

Source : Urban Land Organisation, Coordination and Planning Office, Annual Reports, 1979-1988.

The amount transferred was also high in the provinces of Khorasan, Isfahan and East Azarbayejan, where the total amount of the transferred land was about 10, 9 and 6 percent of the total amount respectively. The relatively high amount of allocated land in relation to the other cities in these provinces can be explained by the fact that excluding Tehran the urban population of these provinces is much higher than the other provinces. Indeed, the population of the city of Meshed in the province of Khorasan, Isfahan in the province of Isfahan and Tabriz in East-Azarbayjan respectively form the second, third and fourth largest urban centres in the country. The amount of land which was transferred in the cities of the Tehran province, on the other hand, has been about 1,534 hectares or about 11 percent of the total amount transferred in all urban areas of the country. It should be noted that in relation to the urban population of the province of Tehran which forms about 30 percent of the total urban population this amount of allocation is rather low. This can be explained by the deliberate policy of the government to limit migration to Tehran through limiting land allocation in the capital city and its surrounding areas.³²

On the other hand, as shown in table 18 about 77 percent of the total amount of allocation or 10,790 hectares was for residential and 23 percent or 3,314 hectares for non-residential buildings.

In the province of Tehran about 1,152 hectares or 75 percent and about 382 hectares or 25 percent of the total amount of land, i.e., 1534 hectares, were allocated for the construction of residential and non-residential buildings respectively.

Table 18 : Distribution of land for construction of residential and non-residential buildings by the ULO during the 10 year period of 1979 to 1988 in all urban areas and the 24 provinces of Iran. (1,000 m2).

	PROVINCE	Total	Residential	Percentage	Non-residential	Percentage
	ALL URBAN AREAS	141033	107898	77	33135	23
1	TEHRAN	15342	11519	75	3823	25
2	KHORASAN	13962	10436	75	3526	25
3	ISFEHAN	13246	9781	74	3465	26
4	EAST-AZARBAYEJAN	8159	6854	84	1305	16
5	FARS	5289	4767	90	522	10
6	KHOZESTAN	16710	12798	77	3912	23
7	MAZANDARAN	4277	3708	87	569	13
8	WEST-AZARBAYEJAN	4790	4229	88	561	12
9	BAKHTARAN	4886	4553	93	333	7
10	GILAN	6885	6390	93	495	7
11	KERMAN	6752	5775	86	977	14
12	ZANJAN	1842	1690	92	152	8
13	LORESTAN	1943	1547	80	396	20
14	HAMADAN	5385	3268	61	2117	39
15	SISTAN & BALUCHESTAN	6937	3249	47	3688	53
16	MARKAZI	3025	2385	79	640	21
17	KORDESTAN	2164	1661	77	503	23
18	YAZD	3618	2554	71	1064	29
19	HORMOZGAN	2954	2167	73	787	27
20	BOUSHEHR	3885	2687	70	1179	30
21	SEMNAN	2766	2322	84	444	16
22	CHAHAR-MAHAL & BAKHTIARI	3282	1690	51	1592	49
23	ILAM	633	598	94	35	6
24	KOHKILOYEH & BOYER-AHMAD	2320	1270	55	1050	45

Source : Urban Land Organisation, Coordination and Planning Office, Annual Reports, 1979-1988.

The percentage of residential land has been more than average in the provinces of Ilam, Bakhtaran, Gilan, Zanzan, Fars, West Azarbayejan, Mazandaran, Kerman, East azarbayejan, Semnan, Lorestan and Markazi which were from 94 percent to 79 percent. The low share of land allocated for non-residential activities in some provinces such as Ilam which is one of the poorest and most deprived provinces. Investment in commercial and industrial activities there is very limited. Therefore, most of the transferred lands were allocated for housing the local people. Furthermore, this province was badly damaged as a result of the war and consequently much of the investment and building effort was directed towards the physical reconstruction of the housing units in these areas.

On the other hand in some other provinces such as Sistan & Baluchestan, Chahar Mahal & Bakhtiari and Kohkiluyeh & Boyer Ahmadi which are even poorer than the above mentioned provinces a large proportion of the allocated land, i.e., 53, 49 and 45 percent respectively, were given for non-residential buildings. This is because due to the very low level of economic development of these provinces the government invested more funds for the development of their public facilities as well as introducing policies for encouraging private investment. For example as mentioned before the government allowed a rebate or discount in the price of commercial lands for those who were interested to invest in these provinces.

The overall point which can be taken in to account at this point

in the discussion is that while most of the allocated land has gone for housing purposes other uses such as urban services and have also taken a fair amount of allocation. Indeed, as stated in the previous paragraph, in some poorer provinces which have particular lacked urban services such allocation has been around 50 percent of the total allocation. This point to the comprehensiveness of the programme of land acquisition and allocation in the sense that it has made provisions for all types of urban requirement much of which would enhance the housing and living environment of the residents.

9.4. Allocation Of Land For Construction Of Housing By The Urban Land Organisation.

Tables 19 and 20 are presenting the annual amount of land which each year was allocated for construction of housing and the number of families who received the lands in the different provinces and all the urban areas of the country as a whole during the period 1979-1988. During this time 10,790 hectares of land were transferred to 422,864 families directly or through housing cooperative societies and construction companies.

In this regard the province of Khuzestan which is the sixth province of Iran in terms of the number of population had the highest share of allocation of residential land. During this time the amount of land allocated in this province was 1,280 hectares and allocated for 49,731 families. As stated previously the main reasons for this is the government policy of encouraging the relocation of war immigrants, which were mainly from this province, by offering them land and some financial assistance in their province of origin.

The amount of land which was allocated for housing in Tehran, the largest province of Iran, in terms of the size of urban population was about 1,152 hectares or 10.7 percent of the total amount of allocated residential land during the stated period. The reason for this has already been explained in the previous part of the chapter which is mainly due to the deliberate policy of government to limit migration to Tehran. In this regard, in the province of Tehran 10.7 percent of the allocated land was

Table 19 : Allocation of land for construction of housing by the ULO during the 10 year period of 1979 to 1988 in all urban areas and the 24 provinces of Iran. (1,000 m2).

	PROVINCE	Total	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	Percentage
	ALL URBAN AREAS	107898	18	2582	9272	2308	15557	22813	17265	15630	12414	10039	100.0
1	TEHRAN	11519	18	678	3202	416	647	1479	1688	1268	1401	722	10.7
2	KHORASAN	10438	--	--	--	14	2562	2215	1479	1127	1255	1784	9.7
3	ISFEHAN	9781	--	--	--	38	2463	3046	644	1763	963	864	9.1
4	EAST-AZARBAYEJAN	6854	--	--	--	207	871	1551	1460	1130	883	752	6.3
5	FARS	4767	--	--	--	20	555	1538	1021	772	606	255	4.4
6	KHOZESTAN	12798	--	84	465	299	1228	3632	3400	1802	1334	554	11.9
7	MAZANDARAN	3708	--	63	501	--	200	398	753	929	599	265	3.4
8	WEST-AZARBAYEJAN	4229	--	576	463	101	523	691	810	459	348	258	3.9
9	BAKHTARAN	4553	--	402	533	56	151	1193	719	441	363	695	4.2
10	GILAN	6390	--	--	2510	245	543	795	527	1008	427	335	5.9
11	KERMAN	5775	--	--	--	31	963	1199	914	860	690	1118	5.3
12	ZANJAN	1690	--	--	--	68	270	188	283	377	347	157	1.6
13	LORESTAN	1547	--	40	--	--	455	312	212	218	225	85	1.4
14	HAMADAN	3268	--	193	708	155	302	354	587	389	346	234	3.0
15	SISTAN & BALUCHESTAN	3249	--	--	--	23	654	656	775	522	418	201	3.0
16	MARKAZI	2385	--	319	156	25	216	430	190	350	352	347	2.2
17	KORDESTAN	1661	--	--	--	--	626	384	132	297	125	97	1.5
18	YAZD	2554	--	--	--	234	556	486	301	297	256	424	2.4
19	HORMOZGAN	2167	--	--	98	76	398	417	301	257	476	144	2.0
20	BOUSHEHR	2687	--	--	--	2	231	702	490	592	342	328	2.5
21	SEMNAN	2322	--	81	431	128	379	473	276	204	133	217	2.2
22	CHAHIR-MAHAL & BAKHTIARI	1690	--	146	191	72	455	251	87	265	151	72	1.6
23	ILAM	598	--	--	--	15	47	63	39	143	203	88	0.6
24	KOHKILOYEH & BOYER-AHMAD	1270	--	--	14	83	262	362	177	158	171	43	1.2

Source : Urban Land Organisation, Coordination and Planning Office, Annual Reports, 1979-1988.

Table 20 : Allocation of land for construction of housing by the ULO during the 10 year period of 1979 to 1988 in all urban areas and the 24 provinces of Iran. (Number of families).

	PROVINCE	Total	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	Percentage
	ALL URBAN AREAS	422864	61	9851	28424	9133	57479	89283	69835	62264	53093	43441	100.0
1	TEHRAN	60572	59	3187	9900	1930	4349	11379	11971	5865	7753	4179	14.3
2	KHORASAN	41274	--	--	--	44	9489	8670	5654	4464	5327	7626	9.8
3	ISFEHAN	33689	--	--	--	135	8411	8672	2343	6765	4034	3109	8.0
4	EAST-AZARBAYEJAN	30548	--	--	--	912	3694	6759	6296	5072	4136	3639	7.2
5	FARS	17062	--	--	--	58	2048	5251	3433	2972	2286	1004	4.0
6	KHOZESTAN	49731	2	329	1945	1232	4153	14994	13058	6357	5376	2285	11.8
7	MAZANDARAN	11877	--	165	142	--	634	1280	2625	3410	2492	1129	2.8
8	WEST-AZARBAYEJAN	15603	--	2068	1393	422	1923	2574	2951	1726	1435	1111	3.7
9	BAKHTARAN	19845	--	1793	2482	322	693	4994	2417	2153	1631	3360	4.7
10	GILAN	23880	--	--	7392	968	2487	2999	2136	4632	1907	1359	5.6
11	KERMAN	16836	--	--	--	86	2589	3098	2361	2460	2023	4221	4.0
12	ZANJAN	8294	--	--	--	255	1097	781	1463	1926	1929	843	2.0
13	LORESTAN	6555	--	189	--	--	1379	1372	960	1117	1065	473	1.5
14	HAMADAN	12473	--	224	2054	557	1433	1527	2488	1576	1436	1178	3.0
15	SISTAN & BALUCHESTAN	9805	--	--	--	38	1896	2034	2077	1742	1322	696	2.3
16	MARKAZI	10226	--	1102	703	109	925	1938	866	1606	1538	1439	2.4
17	KORDESTAN	7165	--	--	--	--	2389	1566	603	1555	616	436	1.7
18	YAZD	7718	--	--	--	661	1554	1326	872	924	832	1549	1.8
19	HORMOZGAN	8845	--	--	157	259	1428	1729	1552	961	1985	774	2.1
20	BOUSHEHR	8965	--	--	--	8	741	2044	1680	2021	1276	1195	2.1
21	SEMNAH	8947	--	317	1586	514	1474	1721	994	751	608	982	2.1
22	CHAHAR-MAHAL & BAKHTIARI	5768	--	477	610	239	1531	859	284	939	542	287	1.4
23	ILAM	2698	--	--	--	67	204	225	132	677	981	412	0.6
24	KOHKIOYEH & BOYER-AHMAD	4506	--	--	60	317	958	1251	609	593	563	155	1.1

Source : Urban land Organisation, Coordination and Planning Office, Annual Reports, 1979-1988.

allotted to 14.3 percent of the beneficiaries of the program in the whole country during the stated 10 year period. This means that the size of the plots in this province has been less than the average for the whole country. This is due to the high density of, and the high price of land in, the city of Tehran in comparison to the other cities.

The amount of land allocated for housing in the provinces of Khorasan, Isfahan and East-azarbajejan were 1,044, 978 and 685 hectares or 9.7, 9.1 and 6.3 percent of the total land respectively. As already stated these provinces are 2nd to 4th in terms of the highest number of population. The beneficiaries of the programmes in these provinces were 41,274; 336,69 and 30,548 families or 9.8, 8.0 and 7.2 percent of the total number of families respectively.

Finally, it should be noted that while only 10,790 hectares or about 12.6 percent of the acquired land has been allocated by the ULO during the 10 year period of 1979 to 1988, it nevertheless comprises about 34 percent of the total amount of land which has been used for housing construction during the stated period in all the urban areas of Iran.³³ This point is elaborated further in the next chapter. However, it serves at this point as a reminder that in fact the actual amount of allocation has been fairly extensive since it comprises about a third of all land used for house building in the urban areas of Iran. In addition, the available data shows that this programme has been carried out in all urban areas of all provinces. Consequently, it can be

stated that the amount and the geographical distribution of allocation and the variety of uses, which was highlighted in the previous sub-chapter, has been such that it has enabled a large section of eligible landless households to benefit from the acquisition and allocation programme.

9.5. Distribution Of Land Among Individual Families, Housing Cooperative Societies And Public Or Private Land Developers By The Urban Land Organisation.

As shown in tables 19 and 20 about 10,790 hectares of land were allocated to 422,864 families for construction of housing units in all urban areas of Iran during the 10 year period of 1979 to 1988 by the ULO.

According to data presented in tables 21 and 22 about 6,167 hectares or 57 percent of the land was transferred directly to individual families through the ULO. The number of these families amounted to 234,126 or 55 percent of the total beneficiary families. In addition to these 130,695 families or 31 percent and 58,043 families or 14 percent received about 3,063 hectares or 28 percent and 1,559 hectares or 15 percent of the land through housing cooperative societies and public or private land developers respectively.

However, as shown in table 21 in the province of Tehran the percentage of individual families to the total number of beneficiary families was only 33 percent which was far less than the trend for the urban areas of the country as a whole. At the same time the share of families who received land through housing cooperative societies in this province was 63 percent of the total beneficiary families. The percentage share of this group of families in the Tehran province, on the other hand, is much higher than the national trend. This is because on the one hand a large number of government employees are living and working in

Table 21 : Distribution of land among individual families, cooperative societies and public and private developers by the ULO during the 10 year period of 1979 to 1988 in all urban areas and the 24 provinces of Iran. (1,000 m2).

	PROVINCE	Total	Individual families	Percentage	Cooperative societies	Percentage	Public and Private land developers	Percentage
	ALL URBAN AREAS	107898	61671	57	30634	28	16171	15
1	TEHRAN	11519	3874	34	7342	64	303	2
2	KHORASAN	10436	5940	57	3562	34	934	9
3	ISFEHAN	9781	4343	44	2014	21	3424	35
4	EAST-AZARBAYEJAN	6854	4011	59	2011	29	832	12
5	FARS	4767	3474	73	1056	22	237	5
6	KHOZESTAN	12798	6004	47	4640	36	2154	17
7	MAZANDARAN	3708	2344	63	1033	28	331	9
8	WEST-AZARBAYEJAN	4229	3113	74	699	16	417	10
9	BAKHTARAN	4553	2516	55	1373	30	664	15
10	GILAN	6390	4880	77	915	14	595	9
11	KERMAN	5775	4271	74	644	11	858	15
12	ZANJAN	1690	530	32	765	45	393	23
13	LORESTAN	1547	618	40	608	39	321	21
14	HAMADAN	3268	2345	72	469	14	456	14
15	SISTAN & BALUCHESTAN	3249	1458	45	977	30	816	25
16	MARKAZI	2385	1807	76	478	20	100	4
17	KORDESTAN	1661	945	57	493	30	221	13
18	YAZD	2554	2010	79	213	8	331	13
19	HORMOZGAN	2167	1193	55	361	17	613	28
20	BOUSHEHR	2687	1542	57	296	11	849	32
21	SEMNAN	2322	1816	78	126	6	381	16
22	CHAHAR-MAHAL & BAKHTIARI	1690	1281	76	220	13	189	11
23	ILAM	598	359	60	150	25	89	15
24	KOHKILOYEH & BOYER-AHMAD	1270	997	78	189	15	85	7

Source : Urban Land Organisation, Coordination and Planning Office, Annual Reports, 1979-1988.

Table 22 : Distribution of land among individual families, cooperative societies and public and private developers by the ULO during the 10 year period of 1979 to 1988 in all urban areas and the 24 provinces of Iran. (Number of families).

	PROVINCE	Total	Individual families	Percentage	Cooperative societies	Percentage	Public and private land developers	Percentage
	ALL URBAN AREAS	422864	234126	55	130695	31	58043	14
1	TEHRAN	60572	20226	33	38195	63	2151	4
2	KHORASAN	41274	24146	58	13463	33	3665	9
3	ISFEHAN	33669	14840	44	8269	25	10560	31
4	EAST-AZARBAYEJAN	30548	17118	56	9371	31	4059	13
5	FARS	17062	11586	68	4221	25	1255	7
6	KHOZESTAN	49731	24579	49	17918	36	7234	15
7	MAZANDARAN	11877	8535	72	2137	18	1205	10
8	WEST-AZARBAYEJAN	15603	11496	74	2388	15	1739	11
9	BAKHTARAN	19845	11511	58	6285	32	2049	10
10	GILAN	23880	16821	40	4408	19	2651	11
11	KERMAN	16838	11325	67	1742	10	3771	23
12	ZANJAN	8294	2324	26	4112	46	1858	18
13	LORESTAN	6555	2806	43	3042	46	707	11
14	HAMADAN	12473	8347	67	2074	17	2052	16
15	SISTAN & BALUCHESTAN	9805	4750	48	2888	30	2167	22
16	MARKAZI	10226	7651	75	2189	21	386	4
17	KORDESTAN	7165	4347	61	2188	30	630	9
18	YAZD	7718	5917	77	711	9	1090	14
19	HORMOZGAN	8845	4385	50	1372	15	3088	35
20	BOUSHEHR	8965	5245	59	1095	12	2625	29
21	SEMNAN	8947	6775	76	476	5	1696	19
22	CHAHAR-MAHAL & BAKHTIARI	5768	4302	75	770	13	696	12
23	ILAM	2698	1564	58	745	28	389	14
24	KOKILOYEH & BOYER-AHMAD	4506	3530	78	656	15	320	7

Source : Urban Land Organisation, Coordination and Planning Office, Annual Reports, 1979-1988.

and around the city of Tehran and on the other it is mainly these employees and workers who are qualified to establish a housing cooperative society. The same situation was also true in the province of Zanzan which is the neighbouring province to Tehran. In this case the Alborz industrial satellite town is located inside this province. Consequently, 46 percent of residential lands allocated there has been through the housing cooperative societies. Similarly, in the province of Khuzestan which is dominated by the major oil and steel industries 36 percent of residential lands were allocated through the housing cooperative societies.

The percentage of land which was allocated to public or private land developers for construction of housing units was 15 percent of the total amount of allocated land by the ULO during the 10 year period of 1979 to 1988. These housing units were subsequently transferred to eligible applicants who had been introduced by the Ministry of Housing and Urban Development. These households were 14 percent of the total beneficiaries of the ULO allocation programme in the country. In the province of Tehran, on the other hand, this share was only 4 percent. This shows that in this province the private sector was more interested in operating through the private market mechanism and be able to sell the housing units at very high prices in the open market rather than abide by the restrictions of the Ministry of Housing and Urban Development.

In some provinces such as Hormozgan, Isfahan, Busher, Kerman,

Sistan and Baluchestan, Semnan, Zanjan, Hamadan and Khuzestan, however, these percentages have been from 35 to 15 percent which are more than average in the whole country. In some of these provinces such as Sistan and Baluchestan public organisations, which also could use Clause 67 of the ULA for investing in low income housing construction on a similar basis as the private sector, made relatively high amounts of investment for the construction of low income housing due to the high level of poverty. In Khuzestan, on the other hand, the private sector invested in building low income housing through the low priced lands of the ULO because of the high demand for housing units in these areas after the recapture of the main cities of the province from Iraqi occupation.

The variety of agents of development, which will be discussed even further in the following sub-chapters, who have benefitted from the allocation programme again reinforces the point raised in the previous sub-chapters with regard to the comprehensiveness of the programme of land acquisition and allocation in Iran since such variety of agents enables very wide spectrum of landless households to benefit from the programme according to their own preferences and abilities to construct their own housing units or buy through the other agents already discussed.

9.6. Average Size Of Plots Allocated For Housing Units By The Urban Land Organisation.

As stated previously the Urban Land Organisation transferred about 10,790 hectares of land to 422,864 families for construction of housing in all urban areas of Iran during the 10 year period of 1979 to 1988. This is shown in tables numbers 21 and 22. These lands were transferred either directly to individual families or through the housing cooperative societies or land developers. The amount of land which were transferred to each of the aforementioned groups were about 6,167, 3,063 and 1,559 hectares respectively. The number of housing units which were constructed by each of these groups respectively was 234,126, 130,695 and 58,043 units in all urban areas of the country. Table number 23 shows the average size of the plots of land which were transferred for the construction of housing units as well as the size of plots of the housing units constructed by each group.

As can be seen table 23 shows the average size of plots in all urban areas of the country as a whole as well as in each province of Iran separately. In this regard the average size of plots was 255 square metres in all the urban areas of the country as a whole. In the province of Tehran, on the other hand, this average reduced to 190 square metres which had the smallest average plots in the country. The smaller average size of the plots in Tehran is indicative of the high price of, and the high demand for, land in Tehran which has necessitated the smaller size of land in the province of the capital. In some provinces such as Kerman, Sistan

Table 23 : The average size of plots allocated for housing and each group of individual families, housing cooperative societies and public and private land developers by the ULO during the 10 year period of 1979 to 1988. (M2).

	PROVINCE	Average of residential plots	Plots to individual families	Plots to housing cooperative societies	Plots to land developer
	ALL URBAN AREAS	255	263	234	269
1	TEHRAN	190	191	192	140
2	KHORASAN	253	246	265	255
3	ISFEHAN	290	293	244	324
4	EAST-AZARBAYEJAN	224	234	215	205
5	FARS	279	300	250	189
6	KHOZESTAN	257	244	259	298
7	MAZANDARAN	312	275	483	275
8	WEST-AZARBAYEJAN	271	271	295	240
9	BAKHTARAN	229	219	218	324
10	GILAN	268	290	208	232
11	KERMAN	343	377	370	227
12	ZANJAN	204	228	186	211
13	LORESTAN	236	220	200	454
14	HAMADAN	262	281	226	222
15	SISTAN & BALUCHESTAN	331	307	338	377
16	MARKAZI	233	236	218	259
17	KORDESTAN	232	217	225	351
18	YAZD	331	340	300	304
19	HORMOZGAN	245	272	263	198
20	BOUSHEHR	300	294	270	324
21	SEMNAN	259	268	265	225
22	CHAHAR-MAHAL & BAKHTIARI	293	298	286	272
23	ILAM	222	230	201	229
24	KOHKILOYEH & BOYER-AHMAD	282	288	266	266

Source: Data presented in tables - No 21 and 22.

& Baluchestan, Yazd and Busher, on the other hand, the size of plots was very high. This is due to the low price of land in these areas on the one hand and the hot weather of these provinces on the other which requires larger floor areas to ease natural ventilation and cooling. In this respect the housing units are traditionally constructed with a central yard which is surrounded by rooms and other spaces for the various living requirements. The size of the average plots were also high in the provinces of Mazandaran and Gilan due to the Mediterranean climate of these provinces which are located at coast of the Caspian Sea. In these provinces the housing units are usually surrounded by gardens.

As tables 23 shows the average size of plots which were transferred directly to individual families are usually bigger than those transferred to housing cooperative societies. This was reversed in the provinces of Mazandaran, Kerman and some other provinces because the people in these provinces were willing to buy larger plots of land.

Finally, a point can be made with regard to the fact that the variation in the average size of allocated land in the various provinces again reinforces the comprehensiveness of the programme in the sense that it has enabled the allocation programme to proceed according to the priorities and particular requirements of each province in terms of the amount for various uses, different agents of development and size of allocation which would be most suited to their climatic and geographical

conditions and the situation of their land shortage and total availability of land.

9.7. Allocation Of Land For Construction Of Housing To Individual Families By The Urban Land Organisation.

As mentioned before, the ULO transferred about 6,167 hectares of land directly to 234,126 of individual families themselves during the 10 year period of 1979 to 1988.

In the provinces of Khuzestan, Khorasan, Gilan, Isfahan, Kerman, East Azarbayejan and Tehran about 600, 594, 488, 434, 427, 401 and 387 hectares of land were transferred to individual families. As shown in table 24 the total amount of land which was allocated to individual families through out all the urban areas of the country was 9.7 to 6.3 percent of the total amount of the allocated land. The number of families who benefitted from the programme are presented in table number 25. They were 24,579, 24,146, 16,821, 14,840, 11,325, 17,118 and 20,226 families in the above mentioned provinces respectively.

In the province of Tehran the total amount of land allocated to individual families was 6.3 percent of the total allocated amount. The percentage share of the households who benefitted from this allocation, however, was 8.6 percent of the total number of households who benefitted from the programme as a whole in the country. This means that the average size of plots in Tehran was less than the average in the urban areas of the country as a whole. As shown in tables 24 and 25 this was also the case in the provinces of Khuzestan, Khorasan and East Azarbayejan while the situation was the reverse in the provinces of Gilan, Isfahan and Kerman where the size of the plots

Table 24 : Allocation of land for construction of housing to individual families by the ULO during the 10 year period of 1979 to 1988 in all urban areas and the 24 provinces of Iran. (1,000 m2).

	PROVINCE	Total	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	Percent
	ALL URBAN AREAS	61671	18	2449	5762	1299	8589	12276	9321	8921	7386	5705	100.0
1	TEHRAN	3874	18	595	481	44	407	325	446	508	561	489	6.3
2	KHORASAN	5940	--	--	--	14	984	1333	827	698	1082	1002	9.6
3	ISFEHAN	4343	--	--	--	38	936	887	376	1057	531	518	7.0
4	EAST-AZARBAYEJAN	4011	--	--	--	78	532	814	1007	672	570	338	6.5
5	FARS	3474	--	--	--	20	386	1132	864	500	458	114	5.6
6	KHOZESTAN	6004	--	84	465	61	376	1552	1598	828	717	323	9.7
7	MAZANDARAN	2344	--	63	4	--	197	322	426	703	417	212	3.8
8	WEST-AZARBAYEJAN	3113	--	571	269	77	454	492	504	284	292	170	5.0
9	BAKHTARAN	2516	--	402	533	40	93	443	302	242	186	275	4.1
10	GILAN	4880	--	--	2510	245	342	627	340	289	343	184	7.9
11	KERMAN	4271	--	--	--	31	838	916	759	637	516	574	6.9
12	ZANJAN	530	--	--	--	55	117	114	35	75	61	73	0.9
13	LORESTAN	618	--	40	--	--	151	125	92	52	89	69	1.0
14	HAMADAN	2345	--	193	708	107	286	279	199	276	267	30	3.8
15	SISTAN & BALUCHESTAN	1458	--	--	--	--	216	329	290	339	163	121	2.4
16	MARKAZI	1807	--	319	156	24	196	214	82	268	227	321	2.9
17	KORDESTAN	945	--	--	--	--	325	248	310	205	53	83	1.5
18	YAZD	2010	--	--	--	234	468	451	209	208	162	278	3.3
19	HORMOZGAN	1193	--	--	--	10	247	342	208	169	124	95	1.9
20	BOUSHEHR	1542	--	--	--	2	226	398	272	350	154	140	2.5
21	SEMNAN	1816	--	81	431	128	231	408	225	125	73	114	2.9
22	CHAHAR-MAHAL & BAKHTIARI	1281	--	146	191	5	349	181	66	187	99	57	2.1
23	ILAM	359	--	--	--	7	39	62	16	31	120	84	0.6
24	KOHILOVEH & BOYER-AHMAD	997	--	--	14	79	193	282	149	118	121	41	1.6

Source : Urban Land Organisation, Coordination and Planning Office, Annual Reports, 1979-1988.

Table 25 : Allocation of land for construction of housing to individual families by the ULO during the 10 year period of 1979 to 1988 in all urban areas and the 24 provinces of Iran. (Number of families).

	PROVINCE	Total	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	Percent
	ALL URBAN AREAS	234126	61	9463	18829	4795	31811	45533	35997	33487	30349	23801	100.0
1	TEHRAN	20226	59	2812	1074	203	2510	2088	3321	2660	2896	2603	8.6
2	KHORASAN	24146	--	--	--	44	4047	5139	3157	2671	4547	4541	10.3
3	ISFEHAN	14840	--	--	--	135	2946	3068	1321	3480	1979	1911	6.3
4	EAST-AZARBAYEJAN	17118	--	--	--	324	2298	3475	4159	2837	2536	1489	7.3
5	FARS	11586	--	--	--	58	1343	3609	2857	1636	1667	416	4.9
6	KHOZESTAN	24579	2	329	1945	237	1466	6496	6622	3300	2845	1337	10.5
7	MAZANDARAN	8535	--	165	11	--	624	1029	1469	2600	1731	906	3.6
8	WEST-AZARBAYEJAN	11496	--	2055	912	300	1673	1790	1831	1029	1214	692	4.9
9	BAKHTARAN	11511	--	1793	2482	240	426	1866	1307	1150	920	1327	4.9
10	GILAN	16821	--	--	7392	968	1303	2371	1312	1192	1550	733	7.2
11	KERMAN	11325	--	--	--	86	2057	2312	1948	1696	1521	1705	4.8
12	ZANJAN	2324	--	--	--	186	503	466	148	332	311	378	1.0
13	LORESTAN	2806	--	189	--	--	541	504	407	271	511	383	1.2
14	HAMADAN	8347	--	224	2054	325	1355	1175	861	1094	1127	132	3.6
15	SISTAN & BALUCHESTAN	4750	--	--	--	--	696	1032	903	1143	568	408	2.0
16	MARKAZI	7651	--	1102	703	104	841	897	354	1231	1065	1354	3.3
17	KORDESTAN	4347	--	--	--	--	1434	1033	125	1121	254	380	1.9
18	YAZD	5917	--	--	--	661	1322	1235	594	621	495	989	2.5
19	HORMOZGAN	4385	--	--	--	50	796	1328	776	601	464	370	1.9
20	BOUSHEHR	5245	--	--	--	8	718	1334	938	1167	544	536	2.2
21	SEMNAN	6775	--	317	1586	514	880	1473	792	467	295	451	2.9
22	CHAHIR-MAHAL & BAKHTIARI	4302	--	477	610	19	1156	611	211	656	343	219	1.8
23	ILAM	1564	--	--	--	27	164	223	59	123	575	393	0.7
24	KOHKILUYEH & BOYER-AHMAD	3530	--	--	60	306	712	979	525	409	391	148	1.5

Source : Urban land Organisation, Coordination and Planning Office, Annual Reports, 1979-1988.

allocated to individual families was more than the average size in the urban areas of the country as a whole.

It should also be noted that apart from ordinary landless applicants who benefitted from the direct allocation of land to individual families, other special categories of families also benefitted from this programme who were those whose lands were located in the area of public projects and were acquired by the government or local municipalities, migrants of the Iran-Iraq war and the families of martyrs of the war. However, as shown in table 26 the share of these other categories was relatively low in comparison to those who were ordinary landless applicants since 87 percent of the allocated lands to individual applicants was given to ordinary applicants.

In some provinces such as Sistan & Baluchestan, Busher, Kerman, Yazd, Hormozgan, Markazi and Kohkiluyeh & Boyer Ahmadi the number of individual applicants was more than 87 percent or more than the average. This was because most of these provinces are recognised as deprived provinces. As such central or local government investment for public projects has been low and the migrants of the war were not interested in residing in these provinces. In some provinces such as Ilam and Lorestan, on the other hand, there was extensive war damage and the amount of replaced lands was very high, i.e., 14 to 12 percent respectively. The amount of replaced lands for the construction of public services in the province of Tehran was 10 percent which is high as well. This is because of the large amount of

Table 26 : Distribution of land for construction of housing among different groups of individual family applicants by the ULO during the 10 year period of 1979 to 1988 in all urban areas and the 24 provinces of Iran. (Number of families).

	PROVINCE	Total	Individual applicants	Percentage	Replaced lands	Percentage	Migrants of the war	Percentage	Martyrs families	Percentage	Other applicants	Percentage
	ALL URBAN AREAS	234128	202814	87	10408	4	2727	1	11204	5	6973	3
1	TEHRAN	20228	18087	80	2162	10	—	—	1391	7	586	3
2	KHORASAN	24146	21752	90	1373	6	198	1	804	3	19	—
3	ISFEHAN	14840	12270	83	969	7	359	2	1199	8	43	—
4	EAST-AZARBAYEJAN	17118	14658	86	1031	6	269	1	1133	7	27	—
5	FARS	11596	9746	84	459	4	50	4	745	6	586	5
6	KHOZESTAN	24579	21170	86	448	2	24	—	1238	5	1699	7
7	MAZANDARAN	8535	7909	93	62	1	128	1	420	5	18	—
8	WEST-AZARBAYEJAN	11496	10176	88	308	3	117	1	353	3	542	5
9	BAKHTARAN	11511	9292	81	1018	9	38	—	383	3	780	7
10	GILAN	16821	15669	93	100	1	418	2	443	3	191	1
11	KERMAN	11325	10625	94	311	3	15	—	359	3	15	—
12	ZANJAN	2324	1624	70	107	5	127	5	277	12	189	8
13	LORESTAN	2806	1197	43	331	12	34	1	267	9	977	35
14	HAMADAN	8347	7032	84	507	7	183	2	296	3	329	4
15	SISTAN & BALUCHESTAN	4750	4536	96	2	—	10	—	120	3	82	2
16	MARKAZI	7651	6937	91	162	2	159	2	341	4	52	1
17	KORDESTAN	4347	3931	90	143	3	43	1	82	2	148	4
18	YAZD	5917	5430	92	161	2	33	1	262	4	31	1
19	HORMOZGAN	4385	4039	92	92	2	22	—	158	4	74	2
20	BOUSHEHR	5245	4962	95	12	—	18	—	246	5	7	—
21	SEMRAN	6775	5826	86	117	2	162	2	284	4	408	6
22	CHAHARMahal & BAKHTIARI	4302	3735	87	302	7	91	2	170	4	4	—
23	ILAM	1584	1072	69	217	14	22	1	86	5	167	11
24	KOHKLOYEH & BOYER-AHMAD	3530	3193	90	14	—	209	6	167	4	1	—

Source : Urban Land Organisation, Coordination and Planning Office, Annual Reports, 1979-1988.

investment by the local municipalities of Tehran and other public organisations for the construction of public services. The same pattern is also apparent in the provinces of Isfahan, Chahar-Mahal & Bakhtiari, Hamadan, Khorasan, East Azarbayejan and Zanzan.

The government was responsible to give priority to migrants of the war and families of the martyrs. In some provinces such as Kohkiloyeh & Bouir-Ahmad and Zanzan the percentage of the land allocated to migrants of the war was 6 and 5 percent which is relatively high. In some provinces such as Zanzan, Isfahan, Tehran, East Azarbayejan and Fars the amount of land allocated to the families of martyrs of the war even higher and respectively constituted 12, 8, 7, 7 and 6 percents of the total amount of land allocated to individual families in these provinces.

9.8. Allocation Of Land For Construction Of Housing To Housing Cooperative Societies By The Urban Land Organisation.

As mentioned earlier and shown in table 21 the Urban Land Organisation transferred about 3,063 hectares of land to housing cooperative societies to build housing units for their members. These cooperative societies started to build 130,695 housing units through-out the country during the 10 year period of 1979 to 1988. Most of these units were completed and transferred to families in urban areas and some of them were still being built after 1988. The data for this is shown in table 22.

As shown in table 27 the highest amount of land allocated to housing cooperative societies were located in the province of Tehran. This was about 734 hectares or 24 percent of the total amount of land which were allocated to these societies in the country as a whole. On the other hand table 28 shows that 38,195 cooperative member families in Tehran benefitted from the above stated land allocation in the province of the capital. These were about 29.2 percent of all cooperative member families who benefitted from such programmes in the country as a whole. In the provinces of Khuzestan, Khorasan, Isfahan and East-Azarbayejan about 464, 356, 201 and 201 hectares were respectively allocated to housing cooperative societies. These were about 15.1, 11.6, 6.6 and 6.6 percent of the total allocated amount respectively. The number of beneficiary families of the housing projects constructed by the housing cooperative societies in these provinces were respectively 17,918, 13,463, 8,269 and 9,371 families which in turn comprised 13.7, 10.3, 6.3 and 7.2 percent

Table 27 : Allocation of land for construction of housing to cooperative societies by the ULO during the 10 year period of 1979 to 1988 in all urban areas and the 24 provinces of Iran. (1,000 m2).

	PROVINCE	Total	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	Percentage
	ALL URBAN AREAS	30634	--	88	3410	858	4219	7581	5421	3997	2753	2307	100.0
1	TEHRAN	7342	--	83	2721	368	239	1053	1238	735	698	207	24.0
2	KHORASAN	3562	--	--	--	--	996	790	590	356	125	705	11.6
3	ISFEHAN	2014	--	--	--	--	418	446	191	454	254	251	6.6
4	EAST-AZARBAYEJAN	2011	--	--	--	112	243	501	299	301	247	308	6.6
5	FARS	1056	--	--	--	--	154	347	127	195	117	116	3.4
6	KHOZESTAN	4640	--	--	--	214	726	2069	1071	220	307	33	15.1
7	MAZANDARAN	1033	--	--	497	--	--	74	125	213	80	44	3.4
8	WEST-AZARBAYEJAN	699	--	5	146	21	46	129	244	48	18	42	2.3
9	BAKHTARAN	1373	--	--	--	2	36	654	83	146	71	381	4.5
10	GILAN	915	--	--	--	--	185	149	168	298	75	40	3.0
11	KERMAN	644	--	--	--	--	99	225	113	116	68	23	2.1
12	ZANJAN	765	--	--	--	8	66	62	198	254	125	52	2.5
13	LORESTAN	608	--	--	--	--	125	176	111	119	61	16	2.0
14	HAMADAN	469	--	--	--	48	2	54	302	53	1	9	1.5
15	SISTAN & BALUCHESTAN	977	--	--	--	--	438	275	171	54	16	23	3.2
16	MARKAZI	478	--	--	--	1	14	210	108	56	84	5	1.6
17	KORDESTAN	493	--	--	--	--	141	118	100	71	54	9	1.6
18	YAZD	213	--	--	--	--	29	21	24	59	62	18	0.7
19	HORMOZGAN	361	--	--	46	13	127	5	2	43	125	--	1.2
20	BOUSHEHR	296	--	--	--	--	--	59	91	81	44	21	1.0
21	SEMNAN	126	--	--	--	--	25	62	32	5	--	2	0.4
22	CHAHAR-MAHAL & BAKHTIARI	220	--	--	--	67	41	60	15	27	10	--	0.7
23	ILAM	150	--	--	--	--	--	--	--	86	62	2	0.5
24	KOHKILOYEH & BOYER-AHMAD	189	--	--	--	4	69	42	18	7	49	--	0.6

Source : Urban Land Organisation, Coordination and Planning Office, Annual Reports, 1979-1988.

Table 28 : Allocation of land for construction of housing to cooperative societies by the ULO during the 10 year period of 1979 to 1988 in all urban areas and the 24 provinces of Iran. (Number of families).

	PROVINCE	Total	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	Percentage
	ALL URBAN AREAS	130695	--	388	9339	3864	16535	35273	25324	17035	12721	10216	100.0
1	TEHRAN	38195	--	375	8826	1702	1834	8803	8637	3023	3570	1425	29.2
2	KHORASAN	13463	--	--	--	--	3633	3163	2301	1210	573	2583	10.3
3	ISFEHAN	8269	--	--	--	--	1511	1793	736	2075	1241	913	6.3
4	EAST-AZARBAYEJAN	9371	--	--	--	513	1019	2355	1331	1522	1188	1443	7.2
5	FARS	4221	--	--	--	--	653	1422	463	724	492	467	3.2
6	KHOZESTAN	17918	--	--	--	930	2336	8448	3992	851	1233	128	13.7
7	MAZANDARAN	2137	--	--	131	--	--	245	437	769	369	186	1.6
8	WEST-AZARBAYEJAN	2368	--	13	297	110	178	478	881	162	76	173	1.8
9	BAKHTARAN	6285	--	--	--	8	175	2794	367	706	406	1829	4.8
10	GILAN	4408	--	--	--	--	1131	547	762	1388	319	261	3.4
11	KERMAN	1742	--	--	--	--	209	623	309	329	197	75	1.3
12	ZANJAN	4112	--	--	--	44	278	255	1122	1403	707	303	3.1
13	LORESTAN	3042	--	--	--	--	624	835	518	625	350	90	2.3
14	HAMADAN	2074	--	--	--	232	9	281	1271	232	8	41	1.6
15	SISTAN & BALUCHESTAN	2888	--	--	--	--	1200	845	540	162	59	82	2.2
16	MARKAZI	2189	--	--	--	5	64	1017	512	269	302	20	1.7
17	KORDESTAN	2188	--	--	--	--	614	472	473	334	254	41	1.7
18	YAZD	711	--	--	--	--	79	58	72	215	225	62	0.5
19	HORMOZGAN	1372	--	--	85	89	497	28	18	184	471	--	1.0
20	BOUSHEHR	1095	--	--	--	--	--	215	352	283	167	78	0.8
21	SEMNAN	476	--	--	--	--	94	234	121	20	--	7	0.4
22	CHAHAR-MAHAL & BAKHTIARI	770	--	--	--	220	151	215	52	96	36	--	0.6
23	ILAM	745	--	--	--	--	--	--	--	430	306	9	0.6
25	KOHKILOYEH & BOYER-AHMAD	656	--	--	--	11	246	147	57	23	172	--	0.5

Source : Urban Land organisation, Coordination and Planning Office, Annual Reports, 1979-1988.

of the total families in the country as a whole.

In this respect in the provinces of Isfahan and East-Azarbayejan the amounts of land which were allocated for construction of these projects were both 6.6 percent of the total. However, it should be stated that in East-Azarbayejan most of the land taken by the cooperatives has been allotted for multi storey apartment building while in Isfahan the housing cooperatives have preferred to build one or two storey buildings which is more popular in that region. As a result it can be concluded that the number of cooperative built housing units in the province of East-Azarbayejan has been more than the number of cooperative built housing units in the province of Isfahan. At the same time, however, this means that the amount of land allotted for one housing unit in the former province has been smaller than in Isfahan. In this regard, as table 23 showed, the average size of plots in the province of East-Azarbayejan was 234 square metres while in the province of Isfahan it was 293 square metres.

In the absence of more accurate data as to the income of the beneficiary families of the land allocation programme in Iran the categorisation of the type of cooperatives involved in such activities would be of benefit for providing an alternative objective mechanism for at least assessing the type of beneficiary families who had benefitted through the cooperative sector.

In this respect different housing cooperatives which were mainly

established by workers of factories and workshops, government employees, Military and security personnel and members of the various trades and professions were involved in the land allocation programme.

Out of the stated 130,695 families who were members of the housing cooperative societies about 34,159 or 26 percent were workers of factories and workshops, 72,701 or 56 percent of them were government employees, 21,833 or 17 percent were military and security forces personnel and just 2,002 or 1 percent of the aforementioned total from other cooperatives. The data with regard to this is shown in table 29.

Furthermore, in the provinces of Zanjan, Markazi, Semnan, Khuzestan, Yazd, Fars, Isfahan, Gilan and Tehran respectively about 59, 55, 42, 36, 34, 33, 32, 31 and 28 percent of the total members of housing cooperative societies were workers of the industrial sector. This is because the main industries of Iran are located in these provinces.

In the province of Kohkiluyeh & Bouir-Ahmad, Char-Mahal & Bakhtiari, Lorestan, Kurdistan, Mazandaran, West Azarbayejan, Ilam, Sistan & Baluchestan, Khorasan, Bakhtaran, East Azarbayejan, Hormozgan, Khuzestan and Kerman respectively about 92, 90, 88, 81, 79, 74, 73, 66, 64, 64, 63, 58, 57 and 57 percent of the members of the beneficiary housing cooperatives were government employees. This in turn is because of low industrial activity in most of these provinces. In some others such as

Table 29 : Distribution of land for construction of housing among different types of cooperative societies by the ULO during the 10 year period of 1979 to 1988 in all urban areas and the 24 provinces of Iran. (Number of families).

	PROVINCE	Total	Workers	Percentage	Government staff	Percentage	Army and security staff	Percentage	Others	Percentage
	ALL URBAN AREAS	130695	34159	26	72701	56	21833	17	2002	1
1	TEHRAN	38195	10748	28	17456	46	9991	26	—	—
2	KHORASAN	13463	1942	14	8646	64	2089	16	786	6
3	ISFEHAN	8269	2626	32	4210	51	840	10	593	7
4	EAST-AZARBAYEJAN	9371	2553	27	5930	63	888	10	—	—
5	FARS	4221	1409	33	1955	46	831	20	26	1
6	KHOZESTAN	17918	6437	36	10210	57	1271	7	—	—
7	MAZANDARAN	2137	194	9	1690	79	234	11	19	1
8	WEST-AZARBAYEJAN	2368	234	10	1760	74	316	13	58	3
9	BAKHTARAN	6285	654	10	4000	64	1631	26	—	—
10	GILAN	4408	1392	31	2204	50	735	17	77	2
11	KERMAN	1742	315	18	992	57	327	19	108	6
12	ZANJAN	4112	2431	59	1566	38	113	3	2	—
13	LORESTAN	3042	210	7	2665	88	164	5	3	—
14	HAMADAN	2074	279	13	1197	58	561	27	37	2
15	SISTAN & BALUCHESTAN	2888	391	14	1916	66	563	19	18	1
16	MARKAZI	2189	1201	55	689	31	243	11	56	3
17	KORDESTAN	2188	140	6	1764	81	216	10	68	3
18	YAZD	711	238	34	365	51	106	15	2	—
19	HORMOZGAN	1372	273	20	797	58	223	16	79	6
20	BOUSHEHR	1095	141	13	594	54	328	30	32	3
21	SEMNAN	476	200	42	256	54	20	4	—	—
22	CHAHAR-MAHAL & BAKHTIARI	770	39	5	690	90	41	5	—	—
23	ILAM	745	101	13	542	73	102	14	—	—
24	KOHKILOYEH & BOYER-AHMAD	656	11	2	607	92	—	—	38	6

Source: Urban Land Organisation, Coordination and Planning Office, Annual Reports, 1979-1988.

Khorasan, East Azarbayejan, Hormozgan and Khuzestan, however, while there is a significant amount of industrial activity they are mainly government controlled activities such as oil, car assembly and sugar refining industries. As a result their workers are classified as government employees.

In the provinces of Busher, Hamadan, Bakhtaran, Tehran, Fars and Sistan & Baluchestan between 19 to 30 percent of the members of the housing cooperative societies were from the military and security organisations. This is because of the location of naval forces in Busher, Air force in Hamadan, Ground forces in Bakhtaran, Fars and Sistan & Baluchestan and a high percentage of military and security organisations in Tehran.

9.9. Allocation Of Land For Construction Of Housing To Public And Private Developers.

As mentioned earlier, and shown in table number 21, about 1,559 hectares of land was allocated to public organisations responsible for constructing institutional housing units for their employees and also to private housing construction companies. The amount of land allocated to these organisations was about 15 percent of the total amount of land allocated for housing.

These public and private developers built about 58,043 housing units which was about 14 percent of the total number of housing units built on the land plots that were transferred by the ULO during the 10 year period of 1979 to 1988. The details of this are shown in table number 22.

As shown in table number 30 land plots allocated to these developers were mostly located in the provinces of Isfahan which had about 342 hectares or 22 percent of the total land allocated to these developers in the country as a whole and the province of Khuzestan which had 215 hectares or 13.8 percent of the total. The high amount of land allocated to these developers in these provinces is due to the location of many large scale industrial plants such as oil refineries and steel plants and other smaller scale industries in these provinces. Furthermore, there was a relatively high level of effective demand for low to middle income housing units in these provinces, particularly Khuzestan, due to the liberation of many war occupied areas during the 1980s

Table 30 : Allocation of land for construction of housing to public organisations and construction companies by the ULO during the 10 year period of 1979 to 1988 in all urban areas and the 24 provinces of Iran. (1,000 m2).

	PROVINCE	Total	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	Percentage
	ALL URBAN AREAS	15593	--	--	100	151	2749	2956	2523	2812	2275	2027	100.0
1	TEHRAN	303	--	--	--	4	1	101	4	25	142	26	1.9
2	KHORASAN	934	--	--	--	--	582	92	62	73	48	77	6.0
3	ISFEHAN	3424	--	--	--	--	1109	1713	77	252	178	95	22.0
4	EAST-AZARBAYEJAN	832	--	--	--	17	96	236	154	157	66	106	5.3
5	FARS	237	--	--	--	--	15	59	30	77	31	25	1.5
6	KHOZESTAN	2154	--	--	--	24	126	11	731	254	310	198	13.8
7	MAZANDARAN	331	--	--	--	--	3	2	202	14	100	10	2.1
8	WEST-AZARBAYEJAN	417	--	--	48	3	23	70	62	127	38	46	2.7
9	BAKHTARAN	664	--	--	--	14	22	96	334	53	106	39	4.3
10	GILAN	595	--	--	--	--	16	19	19	421	9	111	3.8
11	KERMAN	858	--	--	--	--	26	58	42	105	107	520	5.5
12	ZANJAN	393	--	--	--	5	87	12	50	48	160	31	2.5
13	LORESTAN	321	--	--	--	--	179	11	9	47	75	--	2.1
14	HAMADAN	456	--	--	--	--	14	21	86	60	79	196	2.9
15	SISTAN & BALUCHESTAN	816	--	--	--	23	--	52	314	130	240	57	5.2
16	MARKAZI	100	--	--	--	--	6	6	--	26	41	21	0.6
17	KORDESTAN	221	--	--	--	--	160	16	1	21	18	5	1.4
18	YAZD	331	--	--	--	--	59	14	68	30	32	128	2.1
19	HORMOZGAN	613	--	--	52	53	24	70	93	45	227	49	3.9
20	BOUSHEHR	849	--	--	--	--	5	245	127	161	144	167	5.4
21	SEMNAN	381	--	--	--	--	123	3	19	74	61	101	2.4
22	CHAHAR-MAHAL & BAKHTIARI	199	--	--	--	--	65	10	6	51	42	15	1.2
23	ILAM	89	--	--	--	8	8	1	23	26	21	2	0.6
24	KOHKILOYEH & BOYER-AHMAD	85	--	--	--	--	--	38	10	35	--	2	0.5

Source : Urban Land Organisation, Coordination and Planning Office, Annual Reports, 1979-1988.

and the end of the Iran-Iraq war and the return of many war refugees to the region in 1988.

The number of housing units which were built in the provinces of Isfahan and Khuzestan have been 10,560 or 18.2 percent and 7,234 or 12.5 percent of the total housing units constructed by public or private developers. This is shown in table 31.

In the province of Tehran the amount of land allocated to these developers were only about 30 hectares or 1.9 percent of the total amount of land which were transferred to public and private developers in the urban areas of the country as whole during the stated period. As a result of these transference 2,151 housing units were constructed in the province of Tehran which was about 3.7 percent of the total amount of housing units constructed by public and private developers under this scheme. Given the number of the population of Tehran this number of transferred land plots and resultant housing units is very low indeed. The main reason for this can be sought in the fact that the public organisations which were responsible for the provision of institutional housing concentrated their activities on other provinces particularly those classified as deprived or war damaged areas. At the same time the private housing construction companies were more interested in acquiring land through the private market, despite the fact that they were about 10 times more expensive than ULO allocated land, because they could not find ULO regulations and procedures and also the locations of the allocated lands adequate for satisfying their profit maximisation requirements. As a

Table 31 : Allocation of land for construction of housing to public organisations and construction companies by the ULO during the 10 year period of 1979 to 1988 in all urban areas and the 24 provinces of Iran. (Number of families).

	PROVINCE	Total	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	Percentage
	ALL URBAN AREAS	58043	---	---	256	474	9133	8477	8514	11742	10023	9424	100.0
1	TEHRAN	2151	---	---	---	25	5	488	13	182	1287	151	3.7
2	KHORASAN	3365	---	---	---	---	1809	368	196	583	207	502	5.8
3	ISFEHAN	10560	---	---	---	---	3954	4011	286	1210	814	285	18.2
4	EAST-AZARBAYEJAN	4059	---	---	---	75	377	969	806	713	412	707	7.0
5	FARS	1255	---	---	---	---	52	220	123	612	127	121	2.2
6	KHOZESTAN	7234	---	---	---	65	351	50	2444	2206	1298	820	12.5
7	MAZANDARAN	1205	---	---	---	---	10	6	719	41	392	37	2.1
8	WEST-AZARBAYEJAN	1739	---	---	184	12	72	306	239	535	145	246	3.0
9	BAKHTARAN	2049	---	---	---	74	92	334	743	297	305	204	3.5
10	GILAN	2651	---	---	---	---	53	81	62	2052	38	365	4.6
11	KERMAN	3771	---	---	---	---	323	163	104	435	305	2441	6.5
12	ZANJAN	1858	---	---	---	25	316	60	193	191	911	162	3.2
13	LORESTAN	707	---	---	---	---	214	33	35	221	204	---	1.2
14	HAMADAN	2052	---	---	---	---	69	71	356	250	301	1005	3.5
15	SISTAN & BALUCHESTAN	2167	---	---	---	38	---	157	634	437	695	206	3.7
16	MARKAZI	386	---	---	---	---	20	24	---	106	171	65	0.7
17	KORDESTAN	630	---	---	---	---	341	61	5	100	108	15	1.1
18	YAZD	1090	---	---	---	---	153	33	206	88	112	498	1.9
19	HORMOZGAN	3088	---	---	72	120	135	373	758	176	1050	404	5.3
20	BOUSHEHR	2825	---	---	---	---	23	495	390	571	565	581	4.5
21	SEMNAN	1696	---	---	---	---	500	14	81	264	313	524	2.9
22	CHAHAR-MAHAL & BAKHTIARI	696	---	---	---	---	224	33	21	187	163	68	1.2
23	ILAM	389	---	---	---	40	40	2	73	124	100	10	0.7
24	KOHKILOYEH & BOYER-AHMAD	320	---	---	---	---	---	125	27	161	---	7	0.6

Source : Urban Land Organisation, Coordination and Planning Office, Annual Reports, 1979-1988.

result they preferred to buy the highly more expensive private market land but in a better location and be able to construct and sell the units unconditionally according to their own profit criteria and market demands.³⁴

As mentioned previously about 58,043 housing units were built by public foundations or organisations responsible for the provision of housing for low income people or institutional housing units, as well as by private construction companies for provision of low income housing for transference to those families who were introduced by the Ministry of Housing and Urban Development at their set price.

Table 32 shows the distribution of these lands among the different foundations such as the Housing Foundation of the Islamic Revolution, the Oppressed people 's Foundation and others who also provided low income housing units as part of their overall activities. These also included the Ministry of Housing and Urban Development which is responsible to provide institutional housing units for government staff through out the country specially in deprived provinces and also private construction companies.

In any case, out of the 58,043 housing units which were constructed on the ULO allocated land plots about 7,010 units or 12 percent were built by the Housing Foundation, 13,562 units or 23 percent by the Oppressed People's Foundation and 9,882 units or 17 percent by the other foundations. The Ministry of Housing

Table 32 : Distribution of land for construction of housing among the different public organisations and construction companies by the ULO during the 10 year period of 1979 to 1988 in all urban areas and the 24 provinces of Iran. (Number of families).

	PROVINCE	Total	Housing Foundation	Percentage	Oppressed People Foundation	Percentage	Other foundations	Percentage	Ministry of Housing	Percentage	Other public organisation	Percentage	Construction companies	Percentage
	ALL URBAN AREAS	58043	7010	12	13562	23	9882	17	3622	7	12879	22	10788	19
1	TEHRAN	2151	974	45	331	15	210	10	38	2	76	4	522	24
2	KHORASAN	3365	343	9	1488	40	115	3	37	1	585	16	1117	31
3	ISFEHAN	10560	592	6	3066	29	947	9	490	5	3805	36	1640	15
4	EAST-AZARBAYEJAN	4059	321	8	547	14	191	5	496	12	1553	38	951	23
5	FARS	1255	88	8	154	12	400	32	—	—	103	8	500	40
6	KHOZESTAN	7234	621	8	1214	17	3883	54	136	2	940	13	437	6
7	MAZANDARAN	1205	345	28	46	4	249	21	—	—	565	47	—	—
8	WEST-AZARBAYEJAN	1739	347	20	484	28	88	5	307	18	139	8	374	21
9	BAQHTARAN	2049	225	11	432	21	317	15	814	40	241	12	20	1
10	GILAN	2651	179	7	1226	46	84	3	381	14	781	30	—	—
11	KERMAN	3771	675	18	534	14	397	10	30	1	517	14	1618	43
12	ZANJAN	1858	169	9	845	46	435	23	117	6	4	—	288	16
13	LORESTAN	707	30	4	214	30	222	32	20	3	155	22	68	9
14	HAMADAN	2052	138	7	173	8	362	17	95	5	157	8	1127	55
15	SISTAN & BALUCHESTAN	2167	572	27	698	32	246	11	89	4	173	8	389	18
16	MARKAZI	386	90	23	141	36	38	10	53	14	64	17	—	—
17	KORDESTAN	630	150	24	300	48	109	17	13	2	58	9	—	—
18	YAZD	1090	87	8	170	16	99	9	454	42	4	—	276	25
19	HORMOZGAN	3098	327	11	260	9	284	9	278	9	1433	46	508	16
20	BOUSHEHR	2625	298	11	43	2	900	34	—	—	1263	48	121	5
21	SEMJAN	1696	300	18	750	44	33	2	—	—	6	—	607	36
22	CHAHAR-MAHAL & BAKHTIARI	696	60	9	366	52	73	10	11	2	70	10	116	17
23	ILAM	389	10	3	80	20	200	51	—	—	89	23	10	3
24	KOHKIL OYEH & BOYER-AHMAD	320	59	18	—	—	—	—	60	19	98	31	103	32

Source : Urban Land Organisation, Coordination and Planning Office, Annual Reports, 1979-1988.

and Urban Development constructed 3,922 units or 7 percent of the total number and 12,879 units or 22 percent were provided by the other public organisations. As a result it can be stated that only 10,788 units or about 19 percent of the units were constructed by the private construction companies in the whole urban areas of the country during the stated 10 year period of 1979 to 1988.

In the province of Tehran 45 percent of housing units were constructed by the Housing Foundation and 24 percent by private housing construction companies.

The activities of the Housing Foundation of the Islamic Revolution was fairly high in the provinces of Tehran with 45 percent, Mazandaran with 28 percent, Sistan & Baluchestan with 27 percent, Kurdistan with 24 percent, Markazi with 23 percent and West Azarbayejan with 20 percent of the total amount of land given to different public/private organisations for construction of housing.

The Oppressed People's Foundation, on the other hand, was more active in the provinces of Chahar-Mahal & Bakhtiari with 52 percent of the units provided through this scheme, Zanjan and Gilan also with 46 percent of the units in each province and finally Semnan and Khorasan also with 44 percent in each province.

The high level of activity of these two main foundations, which

are specifically responsible for provision of housing for low income people, in the above mentioned provinces is representative of the primacy of provision of low income housing in these provinces and the attention paid by the government to house these people.

9.10. Conclusion.

This chapter has reviewed and examined the process and extent of land allocation to eligible applicants by the Urban Land Organisation in Iran. It has been shown that on the whole 14,103 hectares of land or 16.5 percent of the total acquired land of about 85,557 hectares has been allocated to various applicants. There has been great variations in this allocation with one province allocating as much as 98 percent of its acquired land and others only allocating about 6 percent. The share of Tehran was about 1,500 hectares or 18 percent which is slightly higher than the overall average. This figure is also about 11 percent of the total amount of allocated land in the urban areas of the country.

The total share of residential land in the urban areas of the country, on the other hand, was 10,790 hectares or about 77 percent of the total amount of the allocated land. This allocation itself was divided among individual beneficiary families with 57 percent, housing cooperatives with 28 percent, and public or private land developers with 15 percent. During the 10 year period of 1979-1988 a total of 422,864 families benefitted from this programme. This comprised 234,126 families who received land directly from the ULO and a further 188,738 families who either built or bought their housing units through housing cooperatives or public and private land developers who had been allocated cheap land by the ULO for the construction of low-middle cost housing units. As stated previously while it is

impossible to determine the income of the beneficiary households it should be noted that the eligibility criteria for direct allocation from ULO is such that only households without land or housing units can apply for receiving land. This in itself means that many middle and higher income land owning families would be excluded from the programme. In addition many families have benefitted through cooperatives who in the main represent factory workers, government employees and army and security personnel who would be largely comprised of low and lower middle income households. In addition the public and private land developers who were allocated 15 percent of the total amount of allocation are either directly responsible for low income housing provision such as the Housing Foundation and Oppressed People's Foundation or as in the case of private developers who are obliged to build and sell at least part of their projects according to set standards and prices which was deemed affordable to the lower income groups by the Ministry of Housing and Urban Development.

The data presented in this chapter shows that despite wide variations in the amount and percentage of allocation of acquired land in the various provinces of the country on average only 16.5 percent of the acquired urban land has been allocated by the ULO in the urban areas of Iran between 1979-1988. The reasons for such variations and low amount of allocation are many. However, the main reason may be due to the fact that by and large the provinces which had relatively high percentage of allocation had in fact acquired much less land than the other provinces to begin with. Consequently, while their actual amount of allocation is

not much higher than the other provinces, and in fact much less than some, the percentage of their allocation in relation to their acquired land has become much higher. This is clearly shown by the example of the two provinces of Kohkiluyeh & Boyer Ahmad and East Azarbayejan where 2,320 and 8,159 Hectares of land was respectively allocated during the period of the study. These amounted to 98.3 percent and 70.5 percent of the acquired lands of these two provinces. In comparison the provinces of Tehran, Khorasan and Isfahan have respectively allocated 14,103, 15,342 and 13,962 hectares which is much higher than the amount of allocation of the two previously mentioned provinces but only amount to 16.5, 18.2 and 18.6 percent of the acquired lands of these latter three provinces.

On the other hand while the percentage of allocated land in relation to acquired land seems low the figures also point to the fact that the actual amount of allocation has been relatively high amounting to about 10,790 hectares and covering some 423,000 families. Nevertheless, several reasons may be cited for the seemingly low amount and percentage of overall land allocation, particularly in provinces with a large amount of acquired land. Firstly, the allocations in many smaller urban centres, particularly less than 50,000 population, have satisfied the requirements for urban land in those areas and as a result further allocations in them has become unnecessary. Secondly, amendments to the related urban land laws such as the 1985 requirement for the provision of urban infrastructure to the 1982 Urban Land Law has slowed the process of land allocation.

Thirdly, certain amount of land has been set aside for future urban development projects and the requirements of public organisations and ministries. Fourthly, there are still administrative difficulties of allocation which one hopes would be ironed out in the future in order to aid a more efficient allocation process.

This situation, nevertheless, is indicative of the fact that there is still great scope for further allocations. This is particularly the case in large cities such as Tehran where only about 18 percent of the acquired land was allocated and where there is a much higher shortage of suitable urban land for housing purposes. It should also be noted that due to lack of documented data as to the income of the beneficiaries it is impossible to ascertain the exact number of low income households who have benefitted from the programme without carrying out a primary fieldwork survey among beneficiaries which is out of the scope of this thesis. However, as stated before, on the basis of the eligibility criteria for private applicants and the fact that about 43 percent of the allocated land was given to housing cooperatives and public and private organisations it is reasonable to assume that at least a large proportion of the allocations was given to low income and lower middle income households. This is due to the fact that on the one hand private individual applicants could not have owned a housing unit anywhere in the urban areas of the country which in itself means that a large section of the middle and higher income house owning groups would be excluded from the programme. Secondly the housing

cooperatives who were allocated 28 percent of the total allocation are almost completely representative of the low and lower middle income groups since in the main they represent factory workers, government employees and military and security personnel. Finally, public and private organisations who were given about 15 percent of the allocated land are either specifically responsible for low income housing or in the case of private developers are required to build their units according to minimum standards set by the Ministry of Housing and provide at least part of their housing units for allocation to eligible low income applicants at set prices.

While the degree of low income beneficiaries of the land allocation programme may be open to debate due to lack of clear evidence, the data offered in this chapter allow us to make the following definite observations and conclusion.

Firstly the programme ensured the widespread availability of the land through out the country which covered not only all major cities in all provinces but also the smallest population centres which were given city status by the Ministry of the State. Secondly, land was made available to a wide range of agents of development, i.e., from individual private applicants to cooperatives and public and private large scale developers. Thirdly, the range of uses for which land has been available in a variety of plots sizes has been very extensive in spite of the fact that most of it has gone for residential uses. Fourthly, the programme has been open to all who were qualified under its

eligibility criteria. These characteristics clearly show that a wide spectrum of households who were in need of housing in all parts of the urban areas of the country were able to benefit from the acquisition and allocation programme of land in Iran.

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IV - THE EVER INCREASING PRICE OF URBAN LAND WAS CONTROLLED
AND LOW COST HOUSING PROVIDED BETWEEN 1979 to 1988

This section comprises chapters 10, 11 and 12 and deals with examining the primary and secondary data collected during the fieldwork and attempts to ascertain the details of the contextual situation of the research with regard to the method and effectiveness of the implementation of urban land policies after the revolution. In this regard chapter 10 analyses the effect of the implementation of these land policies on the access of the low and middle income households to suitable urban land for their housing purposes by examining the effect of government land allocations on the pattern of increase of urban land prices in Iran after the 1979 revolution. Chapter 11, on the other hand, expands on the analyses of chapter 10 by examining the affordability of price of houses built on government allocated land and privately owned land for the different categories of income groups of households in the urban areas of Iran. Finally, chapter 12 uses the analysis of the previous chapters to provide the final conclusions and recommendations of the thesis on the basis of its stated hypothesis.

Chapter 10, goes on to show that the average current price of one plot of land which was transferred by the state was 258 thousand Rials during the 10 year period of 1979-1988.¹ At the same time the average current price of each built up land which was constructed by the private sector was 2,591 thousand Rials.² In other words the government supplied the serviced plots of land at 8.8 percent of the market price of private sector land, while the size of the ULO plots have been much bigger and with a higher standard.

It should be stated that in 1985 the average annual income of 32 percent of the urban population of Iran who were considered as low-income was 369 thousand Rials.³ Furthermore, the average annual income of 58 percent of the urban population who were considered as middle income groups was 1,085 thousand Rials.⁴ Therefore, the price of one plot of land, which was allocated by the state, was 70 percent of the annual income of the low-income groups and just 24 percent of annual income of middle income groups.

At the same time, however, the average price of a plot of land in the private market was about 700 percent or 7 times the average income of the low-income groups. On the other hand the same land was 238 percent or more than twice the average income of middle income groups. Clearly, therefore, in comparison with the private market prices the government allocated land is far more affordable to both the low and middle income groups and provides a basis for their housing provision.

Furthermore, as will be shown in chapter 10, the low prices of government allocated land has also greatly reduced the overall price of urban land in the country as a whole.

Chapter 11 shows that the lower prices of ULO allocated land has meant that on the basis of MHUD recommended floor area for housing units built on ULO allocated land such housing units were in the main affordable to the low income households while housing units built on privately owned land were in the main only

affordable to the three highest income groups of urban households in the country. The chapter then proceeds to examine the difference in the affordability of houses on the two categories of land with the assumption of lower and higher floor areas for both types of houses and shows that in every case, particularly in conditions of equal size, houses on ULO allocated land are much more affordable than those on privately owned land. Finally, it should be noted that in all the calculations of this chapter the cost per square metre has been assumed to be the same for both types of houses.

Chapter 12, on the other hand draws on the conclusions of the previous chapters of the research to provide its overall final conclusions and with particular reference to the discussions of chapters 10 and 11 will show that both of the contentions of the hypothesis of this research have been substantiated. In a comparative analysis with the discussions of chapters 4 and 5, this chapter then proceeds to ascertain the implications of the findings of the research for the successful implementation of policies with regard to public intervention, acquisition and allocation of urban land in developing countries in general. Finally, the chapter provides the recommendations of the thesis for further research.

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10. THE PROCESS OF CHANGE OF URBAN LAND PRICES BETWEEN 1979 AND 1988.

This chapter examines the trend of increases in the price of urban land in Iran since 1974. In this regard the chapter analyses the effect of ULO allocated land on overall urban land prices since 1979 and compares the trend of land prices in the private sector of the market with both ULO allocated land and overall land prices. Consequently, it determines the overall effect of the urban land programme in Iran on the development of urban land prices in the country.

The chapter itself is comprised of six parts. Part one is the explanation of the method of calculation of the price of the land plots which were transferred by the ULO between 1979-1988. Part two provides further information regarding the residential land plots which were used by the private sector for commencement of development in all urban areas of the country. Part three the calculation of the numbers, areas and prices of land which were privately owned and started to be developed by the private sector during 1979-1988. Part four carries out a comparison between the number, area, and price of residential lands which were allocated by the ULO or privately owned with the total plots of land which were started to be developed by the private sector between 1979-1988. Part five uses the information in the previous four parts to ascertain the impact of the urban land programme in Iran on residential land prices in the country. Part six is the conclusion to the chapter.

10.1. Calculation Of The Price Of The Lands Which Were Transferred By The Urban Land Organisation During The 10 Year Period Of 1979 To 1988.

As shown in tables numbers 19 and 20 about 422,864 plots of land with a total area of 107,898 thousand square metres were transferred by the ULO during the 10 year period of 1979 to 1988 to urban citizens throughout the country.

As mentioned previously, the ULO was obliged to transfer the plots of land for provision of housing at official prices which were very cheap in comparison to the market prices of the land. The ULO, however, was still allowed to transfer the lands at higher costs if the total cost of the provision of infrastructure plus the amount of money paid by the ULO as compensation for the acquisition of unutilized and developed lands exceeded the officially recommended price.

Moreover, as stated in chapter on Methodology, the author visited the provincial offices of the Urban Land Organisation in the 24 provinces of the country. In these visits the author collected the available data on the average prices and area of allocated plots of land by these offices. In total this data covered about 238,515 plots or 56.4 percent of the total number of 422,864 allocated land plots during the stated 10 years. The data on the aforementioned 56.4 percent of the total allocated plots is used and extrapolated by the author to cover the total number of allocated plots in the country. This thesis believes that such a large number of cases is adequate for providing a basis for such extrapolation.

Table number 33 shows the number of cases, the average area and price of plots during the 10 year period of 1979 to 1988, as well as their totals during these years. The average price of one square metre of land is calculated for each year. This was about 367 Rials in 1979 but had risen to 2,081 Rials in 1988.

The average size of plots for the aforementioned 238,515 cases during the stated 10 year period was about 260 square metres while the average price of one square metre of land was 1,116 Rials .

These findings can be extended to the total number of plots which were transferred by the ULO during these 10 years. As stated previously the total number of plots was 422,864 with a total area of 107,898 thousand square metres. With an average price of 1,116 square metres it can be stated that the total price of the transferred lands was about 120 Billion Rials.

As already stated the average area of the 238,515 cases was 260 square metres while the average area of all the transferred plots in the country has been 5 metres less or equal to 255 square metres. Using the previously stated average square metre price of the sample cases it can be calculated that the average price of plots which were transferred by the ULO during the stated period was 284.8 Thousand Rials. The total price of plots and the average price of plots for each year of the 10 year period of 1979 to 1988 are also calculated and shown in table number 33.

Table 33 : Calculation of the price of 1 m² of land through using available cases and extending it for the calculation of the total and average price of plots of lands which were transferred by the ULO for construction of housing during the 10 year period of 1979 to 1988.

		Total	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Cases on which data was available	Number of samples	238515	637 *	5588	5764	5119	37020	64820	44010	31404	26093	18080
	Average area of plots (m ²)	260	261	290	274	249	315	255	252	250	237	231
	Average price of plots (Rials)	290053	95755	224286	164451	174481	283351	232068	337775	301174	286959	480801
	Average price of 1 m ² of land (Rials)	1116	367	773	600	701	900	910	1340	1205	1211	2081
	Total number of plots	422864	61 *	9851	28424	9133	57479	89283	69835	62264	53093	43441
All ULO allocated land plots	Total area of plots (1000m ¹)	107898	18	2582	9272	2308	15557	22813	17265	15630	12414	10039
	Total price of plots (1000000 Rials)	120414	7	1997	5565	1617	13994	20761	23142	18829	15031	20895
	Average area of plots at (m ²)	255	295	262	326	252	271	255	247	251	234	231
	Average price of plots (1000 Rials)	284.8	114.7	202.7	195.8	177.0	243.5	232.5	331.4	302.4	283.1	481.0

Source : Information collected from 24 provinces of Iran during fieldwork and data presented in tables No 19 and 20.

- * The number of available cases in 1979 is more than the total number of ULO allocated land plots in that year because the cases include those plots which were transferred by other revolutionary organizations in Tehran and some other cities (table 1).
- + Prices are at current value.

10.2. Residential Land Plots Which Were Started To Be Developed By The Private Sector In All Urban Areas Of Iran During The 15 Year Period Of 1974 To 1988.

The numbers, areas and prices of residential lands which were started to be developed by the private sector, as well as non residential lands, in all urban areas of Iran has been investigated by the Bank Markazi Iran, i.e., the Central Bank of Iran, for each year since 1974. The Central Bank of Iran has also collected data on the amount of investment in the construction sector, both residential and non-residential, the area of buildings and the cost of construction for newly started buildings as well as for those which were completed during each year of this period.¹²

For the purposes of this research, information regarding the residential land units which had development commencing on them is more important than those whose development was completed. This is because during the stated period of 1979 to 1988 part of the plots of residential land which were started to be developed by the private sector were those which were transferred by the ULO to urban citizens for construction of housing. One of the preconditions of ULO for the transference of land to applicants was that they had to start to develop the land within a two year period after the signing of agreement between them and the ULO for the transference. However, according to the interviewed officials of the Central Bank of Iran, the Annual Reports of the Bank on the annual start ups of buildings on ULO allocated land showed that such construction was in the main carried out within

a year after allocation. Therefore it could be assumed that the applicants had started to develop the land the same year that they received the land from the ULO.

The information which is presented in this part of the research includes that data for the 15 year period of 1974 to 1988, in other words including the 5 years prior to the public acquisition and allocation of land by the Urban Land Organisation. Through the analysis of these data the development of land prices during the stated period, including 5 years prior to the Iranian revolution, can be observed. This includes the development of the past trend, the impact of the economic crisis in 5 years preceding the Iranian revolution and the impact of government intervention on land prices after the revolution.

Table number 34 shows the total number, area and price of residential lands as well as the average area and price of plots and the average price of one square metre of land during the stated period. This table is indicative of a cyclical trend in the number and average area of start ups of housing development.

This table shows that prior to 1978 there was a steady increase in the total number and area of plots of start ups. These figures then fell into a cyclical trend for the year of revolutionary upheavals and the consequent years with reductions in 1978, increases in 1979 and 1980, reductions in 1981 and 1982, a peak of increase in 1983 and again reductions in the subsequent years of 1984-1988. Annual variations in the total price of plots of

Table 34 : The number, area and price of residential lands which were started to be developed by the private sector in all urban areas of Iran during the 15 year period of 1974 to 1988.

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Total number of plots	Numbers	85917	108933	119253	109411	150091	162994	122315	98507	194070	167995	143001	110955	90939	74858
	Changes %	+ 5.6	+ 26.8	+ 9.4	- 8.3	+ 37.2	+ 8.6	- 21.3	- 23.2	+ 97.0	- 13.4	- 14.9	- 22.4	- 18.0	- 17.7
Total area of plots (1000 m2)	Area	20509	28504	28263	23894	32138	37773	30925	24342	48302	41038	34365	27738	22153	17804
	Changes %	+ 1.2	+ 37.3	- 0.8	- 15.5	+ 34.5	+ 17.5	- 18.1	- 21.3	+ 98.4	- 15	- 16.3	- 19.3	- 20.1	- 19.6
Total price of plots (1000,000 Rials)	Price	89906	195755	206652	137819	116444	134167	125858	144489	490837	570282	476826	392704	356026	358067
	Changes %	+ 39.4	+ 117.	+ 5.6	- 33.3	- 15.5	+ 15.2	- 6.2	+ 14.8	+ 239.7	+ 16.2	- 16.4	- 17.6	- 9.3	+ 0.6
Average area of plots (m2)	Area	252	242	262	237	218	232	241	247	249	244	240	250	242	238
	Changes %	- 4.1	+ 8.3	- 9.5	- 8	- 1.8	+ 8.4	+ 3.9	+ 2.5	+ 0.8	- 2.0	- 1.6	+ 4.0	- 2.4	- 2.5
Average price of plots (1000 Rials)	Price	792.7	1046.4	1797.0	1732.9	1259.6	823.1	980.2	1466.8	2529.2	3394.6	3334.4	3539.3	3915.0	4783.4
	Changes %	+ 32.1	+ 71.7	- 3.6	- 27.3	- 38.4	+ 6.1	+ 19.1	+ 49.6	+ 72.4	+ 34.2	- 1.8	+ 6.1	+ 10.6	+ 22.2
Average price of 1 m2 of land (Rials)	Price	3145	4332	6868	7311	5768	3623	3552	4070	5936	13897	13857	14158	16071	20111
	Changes %	+ 37.7	+ 58.5	+ 6.4	- 21.1	- 37.2	- 2.0	+ 14.6	+ 45.8	+ 71.2	+ 36.7	- 0.3	+ 2.2	+ 13.5	+ 25.1

Source : Central Bank of Iran, summary of construction activities of private sector in urban areas of the country, Annual Reports, 1974-1988.

+ Prices are at current value.

start ups during the stated 15 year period followed the same pattern as variations for the number and area of plots until 1981. The prices, then, increased in the years 1982-1984, with very sharp increases in the latter two years. In 1985 and 1986, however, prices decreased again while picking up slightly during 1987.

Annual variations in the average area and price of plots, on the other hand, have followed totally different trends. In this regard annual variations in the average area of plots has followed a cyclical pattern from 1974; decreasing in that year, increasing in the subsequent year and then decreasing again until 1979. From that year onwards average area of plots have on the whole increased until 1986 when the pattern of the variation became a decreasing one, albeit slightly, to the end of the examined period. The trend of the annual variations in average prices, on the other hand, was an increasing one until 1976. It was then on the whole reducing until 1981. However, from the beginning of 1981 onwards in the main it took a sharply increasing trend until the end of the examined period.

These variations are examined in detail in the following paragraphs.

As it is shown in table 34, the total number and area of the residential lands which were started to be developed by the private sector were increasing from 1974 till 1977. This was especially the case in 1976 when the total number of plots

increased by about 26.8 percent and the total area of the lands by 37.3 percent in comparison to 1975. In 1978, the year of the beginning of the Iranian revolution, all economic activities were in recession and the total number and area of plots decreased by 8.3 and 15.5 percent respectively. Similarly the size of plots also decreased from an average of 262 square metres in 1976 to 237 square metres in 1977. After the victory of the Iranian revolution in 1979 and the start of public acquisition of land for housing the private individuals and the sector as a whole, the private sector rapidly increased their official development of vacant lands in the city limits. In this respect the number and area of plots which were started for development rose by 37.2 and 34.5 percent respectively in 1979 in comparison to the previous year. These figures increased again, albeit at a reduced pace of 8.6 percent and 17.5 percent respectively, in 1980. During the years 1981 and 1982, however, there was a fall in terms of the total number and area of land plots which were started to be developed. This was probably because those who owned the plots of land below the ceiling limit had started to develop their lands mostly at the beginning of the enactment of the law in 1979 and in the following year, i.e., 1980. This to some extent also explains the rapid increase in the number and areas of land plots which were started for development during these years.

After the enactment of the urban land law of 1982, which allowed the urban land owners to develop one or more of their land plots up to the specified ceiling limit, the development of a large

number of urban land plots by their original owners began in 1983. As shown in table number 33 and discussed previously, during this time a considerable amount of land was transferred by the ULO to private citizens and housing cooperative societies. Consequently, the total number and area of plots which were started to be developed respectively rose by 97 and 98.4 percent in 1983 in comparison to the previous year of 1982. However, as shown in table number 34, construction activities were at their peak in 1983 and in the years since then until the end of the period of the examination of this thesis, i.e., 1988, there has been a continuous reduction in the total number and area of urban land plots which were started to be developed. This was probably due to the fact that the original land owners who were given permission to build their land up to the ceiling limit started developing their land immediately in 1983. Furthermore, the ULO was also forced to reduce the pace of its land allocation due to the policy established in 1983 of only allocating land after the provision of basic infrastructures. Finally, the shortage of construction materials due to the continuation of Iran-Iraq war and shortage of foreign exchange also caused a slow-down in the construction activities of the country.

Table 34 also shows the total price of residential plots which were started and developed during the stated 15 year period. These prices are representative of the amount of investment by the private sector for land during these years which also included the price of those land plots which were transferred by the ULO after 1979. A comparison between the trend of change in

the total number and areas of the plots and their price changes prior to 1979 shows that the amount of investment on land was rising much faster than the increase of the total number of plots and area of land in those years. This was because of the high and rapidly increasing prices of land during those years, particularly in 1975 and 1976. However during the years 1978 to 1980, the amount of investment on land reduced to a large degree due to the decrease in the price of land and the impact of the revolutionary upheaval and crisis on the economy on the country. As the result of allowing the private sector to develop their land plots below the ceiling limit in 1982 and the following years the amount of investment on land began to rise again and reached its peak in 1984. As stated previously, this trend reversed again after 1984 due to the aforementioned reasons. Nevertheless, the speed of this reduction was rather slow, and in 1988 the trend started to rise again due to the high increases in land prices during that year.

On the other hand, as also mentioned previously, the average area of plots ranged between 214 square metres to 262 square metres during the stated 15 year period. In the 10 year period since 1979, however, the largest average plot size was achieved in 1983 when the average area of the plots which were started for development by the private sector was 249 square metres. The higher average size of these land plots in 1983 can be explained to some extent by the fact that after the enactment of the 1982 Urban Land Law (ULL) an urban land owner was given the right to choose one plot among his land plots within the given limit for

development. As a result, given equal conditions, land owners tended to choose the larger land plots in order to maximise their benefits under the law.

The average price of the land plots was rising very sharply up to 1976, with its peak during that year when it increased by about 71.7 percent in comparison to 1975. After 1976 and till 1979, however, the prices were decreasing due to the economic crisis of the country and the pre-revolutionary conditions. After the 1979 revolution and the stabilization of the economic conditions land prices have been continuously rising again, with the exception of 1985, until the end of the period of the study in 1988. The highest jump in prices during this period after 1979 occurred in 1983 when land prices increased by 72.4 percent. This was mainly due to the larger size plots during that year.

With a few exceptions the average price of the land plots per square metre has also followed the same basic pattern as the average price of the plots. In this regard the average price per square metre of the land plots which were started for development also rose sharply up to 1976 when it increased by 58.5 percent in comparison to the previous year. However in 1977 it only had a small increase, by 1978 the square metre prices fell by 21.1 percent and in the following year they reduced at even higher rate of 37.2 percent. During the years after 1980 the price of land per square metre started to rise again very sharply until the beginning of 1985. The main reason for this rise in prices was the high rate of inflation, which was partly due to the

continuation of Iran-Iraq war and the effects of Urban Land Law in reducing the supply of land in the market. In 1985, however, the proportion of land transferred by the state to private individuals at low prices increased in comparison to the previous years. As a result land prices per square metres decreased slightly by about 0.3 percent during that year. However, the prices began increasing slowly again during the following years.

10.3. Calculation Of Numbers, Areas And Prices Of Land Which Were Privately Owned And Started To Be Developed By The Private Sector During The 10 Year Period Of 1979 To 1988.

As mentioned previously the numbers, areas and prices of residential lands which were started to be developed by the private sector in all urban areas of Iran has been investigated by the Central Bank of Iran (CBI) for each year since 1974. These statistics also include those lands which were transferred by the ULO to private citizens for construction of housing during the years 1979 to 1988. Therefore, by reducing the annual total number, area and price of the ULO lands, i.e., data provided in table number 33, from the data provided by the CBI, i.e., data provided in table number 34, the annual total number, area, and price of those plots which were privately owned below the ceiling limit and were started to be developed by them can be calculated. Such an exercise would lead to the data which is presented in table number 35.

Table 35 shows that, excluding the ULO allocated land, the number and area of these privately owned plots increased by 2.1 and 9.6 percent in 1980 in comparison to 1979. However, in 1981 these factors reduced significantly. In 1982, on the other hand, while the number of plots still decreased the area of the plots increased only very slightly. The enactment of the 1982 ULL allowed the original land owners to build on one or more of their plots up to a specified ceiling limit where as the previous law only allowed one plot of land up to the ceiling limit. This change may have caused a high increase in the number and area of

Table 35 : The number, area and price of residential lands which were privately owned and started to be developed by the private sector in all urban areas of Iran during the 10 year period of 1979 to 1988.

		1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Total number of plots	Numbers	150030	153143	99891	89374	136591	78712	73168	48731	37846	31415
	Changes %		+ 2.1	- 34.8	- 10.5	+ 52.8	- 42.4	- 7.0	- 33.4	- 22.3	- 17.0
Total area of plots (1000 m2)	Areas	32120	35191	21653	22034	32745	18225	17100	12108	9739	7765
	Changes %		+ 9.6	- 38.5	+ 1.8	+ 48.6	- 44.3	- 6.2	- 29.2	- 19.6	- 20.3
Total price of plots (1000,000 Rials)	Prices	116437	132170	120293	142872	476843	549521	453684	373875	340995	337172
	Changes %		+ 13.5	- 9.0	+ 18.8	+ 233.7	+ 15.2	- 17.4	- 17.6	- 8.8	- 1.1
Average area of plots at (m2)	Area	214	230	217	246	240	231	234	248	257	247
	Changes %		+ 7.5	- 5.6	+ 13.4	- 2.4	- 3.7	+ 1.3	+ 6.0	+ 3.6	- 3.9
Average price of plots (1000 Rials)	Price	776.1	863.0	1204.2	1598.6	3491.0	6981.4	6200.07	7672.2	9010.1	10732.8
	Changes%		+ 11.2	+ 33.5	+ 32.7	+ 118.4	+ 100.0	- 11.2	+ 23.7	+ 17.4	+ 19.1
Average price of 1 m2 land (Rials)	Price	3625	3756	5555	6484	14562	30152	26331	30878	35013	43422
	Changes %		+ 3.6	+ 47.9	+ 16.7	+ 124.6	+ 107.1	- 12.7	+ 17.3	+ 13.4	+ 24.0

Source : Data presented in tables No 33 and 34.

+ Prices are at current value.

plots being started for development by the private sector in 1983 which increased by 52.8 percent and 48.6 percent respectively. In this regard most land owners by taking advantage of the new measures started to develop their lands during this year. Consequently, from 1984 onwards there was a constant reduction in the number and area of privately owned lands which were started to be developed annually. However, as already stated there were large increases in the amount of land which were transferred by the ULO to private citizens during these years.

The total price of privately owned lands increased very sharply in 1983, i.e., by 233.7 percent in comparison to 1982. This was while the total number and area of such plots during this year increased by 52.8 percent and 48.6 percent respectively. This high increase in prices, despite the increase in supply, may be due to the fact that the 1982 law provided more security for the private ownership of land in Iran within the given specified limit. This was done through granting the owners the right to develop more than one plot of land and through the classification of vacant land in to the two categories of Mavat (virgin vacant land) and Bayer (unutilized vacant land). This classification recognised the ownership right of the owners of Bayer lands and thus requiring the government to pay compensation for the expropriation of such lands. It must be stated that while the Urban Land Law (ULL) recognised the private ownership of up to a 1000 square metre of Mavat to eligible owners and all Bayer land to all owners it only allowed construction on 1,000 square metre of such lands by the owner and prohibited their sale to any

one except to government agencies.³ However, according to primary observations in the field most people who had such land in excess of their own requirements were able to sell the specified limit on the private market through promissory notes outside the official registration mechanisms and after the construction of buildings full transfer would occur between the various private parties. Consequently, while the 1979 law practically prohibited the private transaction of all undeveloped and unutilized land; the 1982 law provided adequate security and stability for a flurry of investment in housing and land market and thus increasing demand to such an extent that it led to the stated increase in prices.

The average area of plots which were privately owned and started to be developed during the stated 10 year period ranged from 214 square metres in 1979 to 257 square metres in 1987. The highest annual increase in the average area of plots, however, came in 1982 when the average area of plots increased from 217 square metre in 1981 to 246 square metres in 1982.

The increase in land values in 1983 caused an increase of 118.4 percent in the average price of plots during that year. This was followed by a 100 percent increase of the average prices in 1984. However, there was a reduction of 11.2 percent in these prices in 1985. It should be noted that this reduction was in tune with the overall reduction in rate of inflation during this year which fell to 6.6 percent. This was the lowest rate of inflation during all of this period.

As may be expected the price per square metre of the privately owned lands, on which development work was started, has also had a similar trend as the overall price of plots during this period. Indeed as can be seen from table 35, apart from 1985, prices per square metre have also been rising continuously. These prices increased by 124.6 percent in 1983 and 107.1 percent in 1984. These figures again support the previously hypothesised effect of the 1982 ULL, in comparison to the 1979 law, in providing adequate security and stability within the land market for increasing demand which in turn increased the prices in the manner shown despite the relatively high increase in supply.

10.4. Comparison Between The Numbers, Areas And Price Of Residential Lands Which Were Transferred By The Urban Land Organisation With Privately Owned And Total Plots Of Land Which Were Started To Be Developed During The 10 Year Period Of 1979 To 1988.

The average price of one square metre of land which was transferred by the ULO during the 10 year period of 1979 to 1988 was calculated through using the data of the aforementioned number of cases. The total number, area and price of the ULO plots (by taking in to account the average price of one square metre of land) was presented in table number 33.

The total number, area and prices of the lands which were started to be developed by the private sector, as well as the area and price of these land plots per square metre, (CBI data) during the 15 year period of 1974 to 1988 was presented in table number 34.

By subtracting the data calculated in table number 33 from the data presented in table number 34 the data about the total number, area and prices of privately owned land (below the ceiling limit) as well as the average area and price of plots and price of one square metre of land, which were started to be developed by the private sector was calculated and presented in table number 35.

In this part of the study comparisons will be made between the data mentioned above to ascertain the share of the lands which were transferred by the ULO out of the total amount of land which was started to be developed by the private sector on the one hand

and to analyze the impact of government intervention on land prices on the other.

Data used in the comparisons are presented in table number 36 and figures 1 to 5. The impact of government intervention on land prices will be analyzed in the latter part of the chapter.

As it is shown in table number 36; almost all plots of land which were started to be developed in 1979 were those belonging to the private sector and the share of ULO land was negligible. By the implementation of the Abrogation of Undeveloped Urban Land Ownership Law of 1979, the portion of ULO plots increased to 6 and then 22 percent in 1980 and 1981 respectively, while the percentage share of the areas of these plots was 7 and 30 percent of the total area of land in these years.

By the time of the enactment of the 1982 Urban Land Law there was a reduction in the total number and area of the plots which were transferred by ULO. The figure for both of these factors was about 9 percent of the total number and area of land which were started to be developed in 1982. In 1983, however, these figures increased very rapidly to about 30 percent and, with exception of 49 percent in 1985, well over 50 percent in the subsequent years until the end of the period of the study in 1988.

The average share of the number and area of ULO plots during the 10 years of implementation of the laws related to public acquisition and allocation of land, i.e., 1979-1988, has been 32

Table 36 : The comparison between the number, area and price of residential lands which were transferred by the U.L.O, privately owned and their average during the 10 year period of 1979 to 1988.

	Total	%	1979	%	1980	%	1981	%	1982	%	1983	%	1984	%	1985	%	1986	%	1987	%	1988	%
Total	1321763	100	150081	100	162384	100	128315	100	98507	100	194070	100	167885	100	143001	100	110885	100	80839	100	74858	100
U.L.O. plots	422884	32	61	-	9851	6	28424	22	9133	9	57478	30	86283	51	69835	49	62284	56	53383	66	43431	58
Privately owned	898879	68	150030	100	153143	94	98891	78	85374	81	136581	70	78712	47	73188	51	48731	44	27846	42	31415	42
Total area of plots (1000 m2)	318578	100	32138	100	37773	100	30825	100	24342	100	48302	100	41038	100	34385	100	27738	100	22153	100	17804	100
U.L.O.	107858	34	18	-	2562	7	9272	30	2338	9	15557	32	22813	55	17285	50	15630	56	12414	56	10039	56
Privately owned	208800	66	32120	100	35191	93	21653	70	22034	91	32745	88	18225	44	17100	50	12108	44	9738	44	7785	44
Total price of plots (1000000 Fiat)	3165700	100	118444	100	134187	100	128558	100	144488	100	490537	100	570282	100	478828	100	382704	100	356028	100	358087	100
U.L.O.	120414	4	7	-	1867	1	5565	4	1617	1	13884	3	20781	4	23142	5	18823	5	19331	5	20885	6
Privately owned	3045286	96	118437	100	132170	99	122993	96	142872	99	478843	97	549501	96	455684	95	373875	95	340885	96	337172	94
Total	229	100	214	100	232	100	241	100	247	100	248	100	244	100	240	100	250	100	244	100	238	100
U.L.O.	295	107	285	138	282	113	326	135	292	122	271	108	255	104	247	103	261	105	234	96	231	97
Privately owned	232	97	214	100	230	99	217	90	246	100	240	98	231	95	234	98	248	99	257	105	247	104
Total	2385	100	778	100	823	100	880	100	1467	100	2229	100	3385	100	3334	100	3539	100	3915	100	4783	100
U.L.O.	285	12	115	15	203	25	186	20	177	12	243	10	222	7	331	10	302	8	283	7	481	10
Privately owned	3088	141	778	100	853	105	1204	123	1599	108	3461	139	6881	208	6201	188	7672	217	8010	230	10733	224
Total	10000	100	3623	100	3552	100	4070	100	5838	100	10182	100	13887	100	13875	100	14158	100	16071	100	20111	100
U.L.O.	1116	11	367	10	773	22	800	19	701	12	800	8	910	6	1340	10	1205	8	1211	7	2081	10
Privately owned	14583	146	3625	100	3758	103	5555	136	8484	108	14582	143	30182	217	28531	181	30878	218	36013	218	43422	218

Sources: Data presented in tables No 33, 34 and 35.
+ Prices are at current value.

Figure 1 : The comparison between the total number of plots which were started to be developed by the private sector with those allocated by the ULO and privately owned during the 15 year period of 1974 to 1988.

Source : Data presented in tables number 34 and 36.

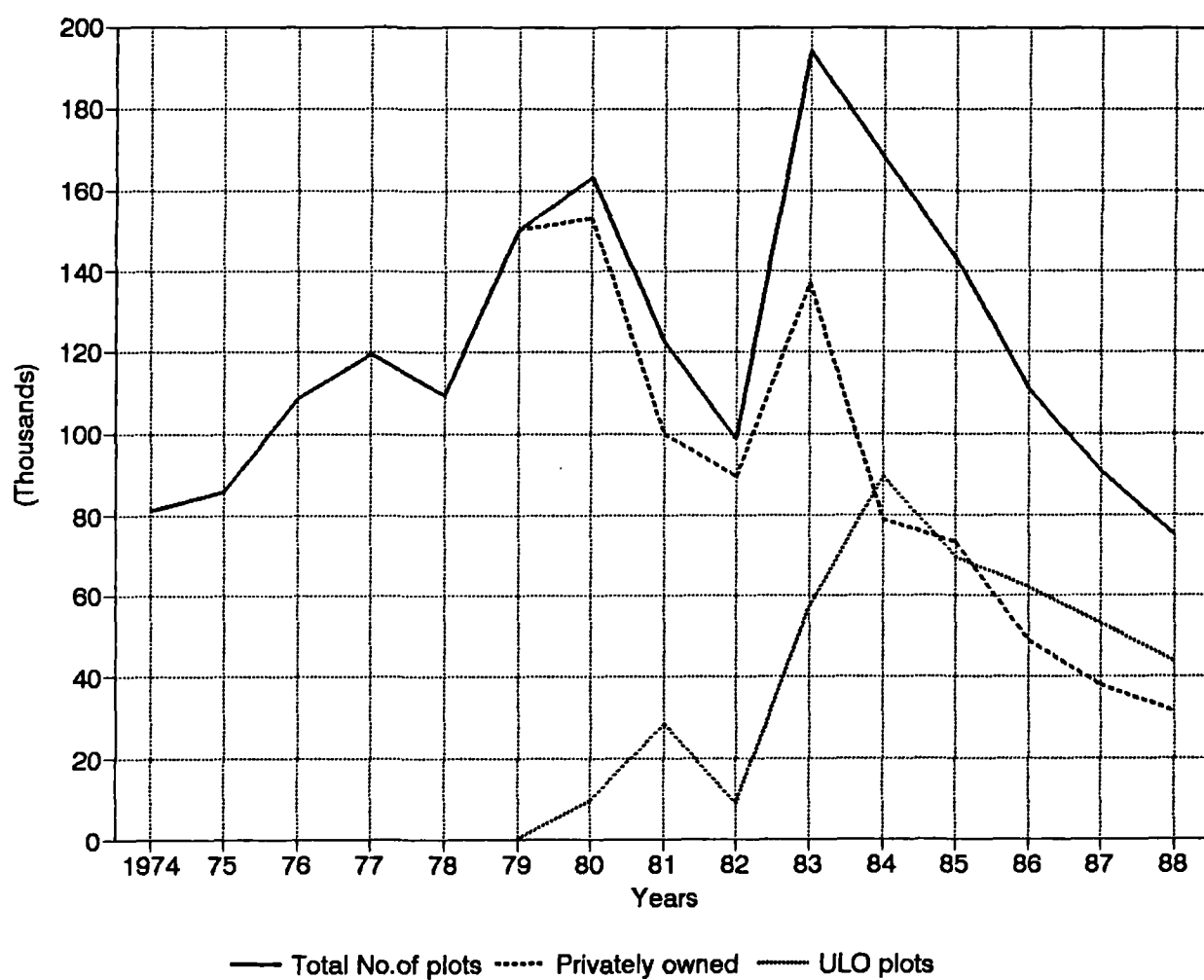


Figure 2 : The comparison between the total area of plots which were started to be developed by the private sector with those allocated by the ULO and privately owned during the 15 year period of 1974 to 1988.

Source : Data presented in tables number 34 and 36.

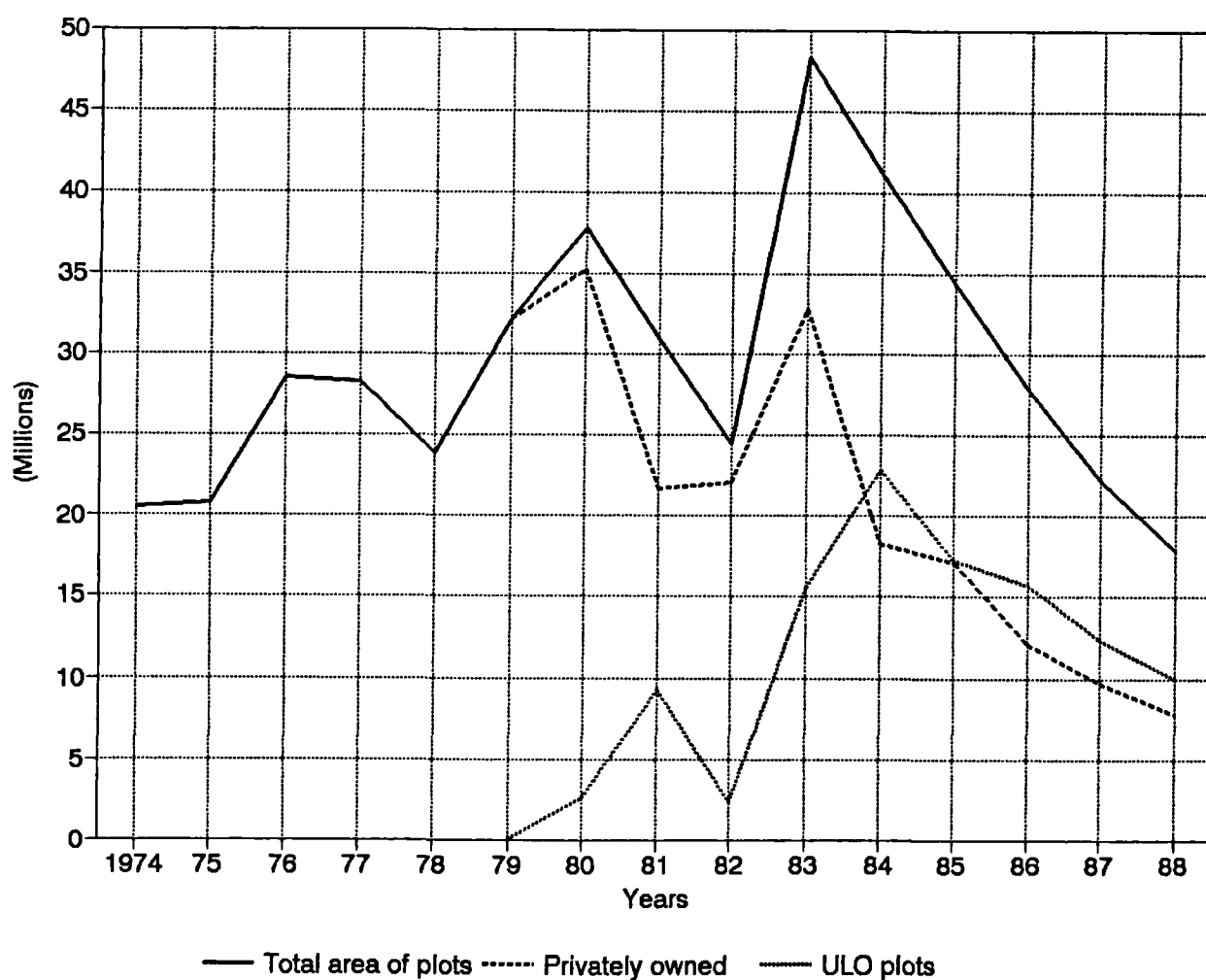


Figure 3 : The comparison between the total price of plots which were started to be developed by the private sector with those allocated by the ULO and privately owned during the 15 year period of 1974 to 1988.

Source : Data presented in tables number 34 and 36.

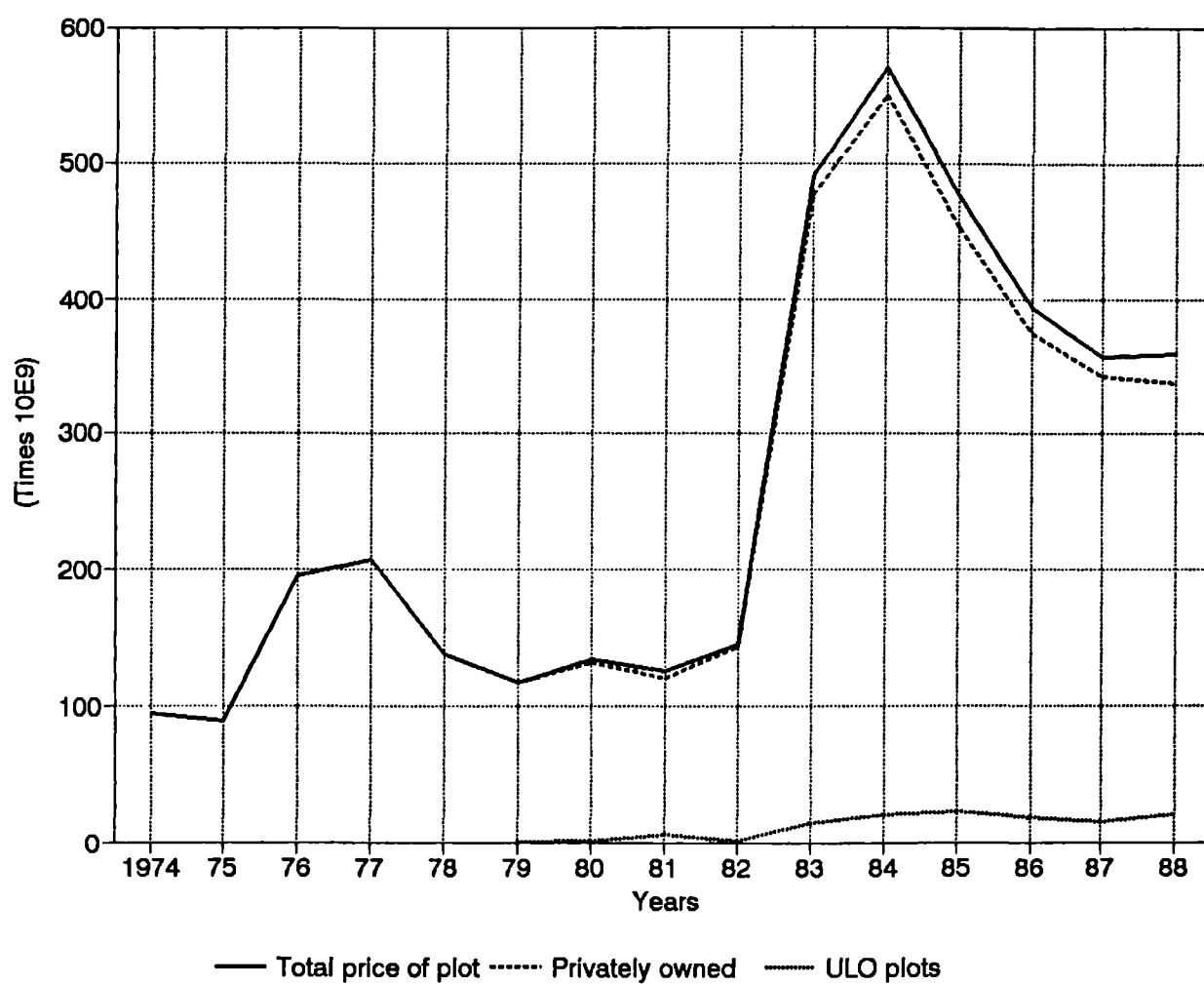


Figure 4 : The comparison between the average area of plots which were started to be developed by the private sector with those allocated by the ULO and privately owned during the 15 year period of 1974 to 1988.

Source : Data presented in tables number 34 and 36.

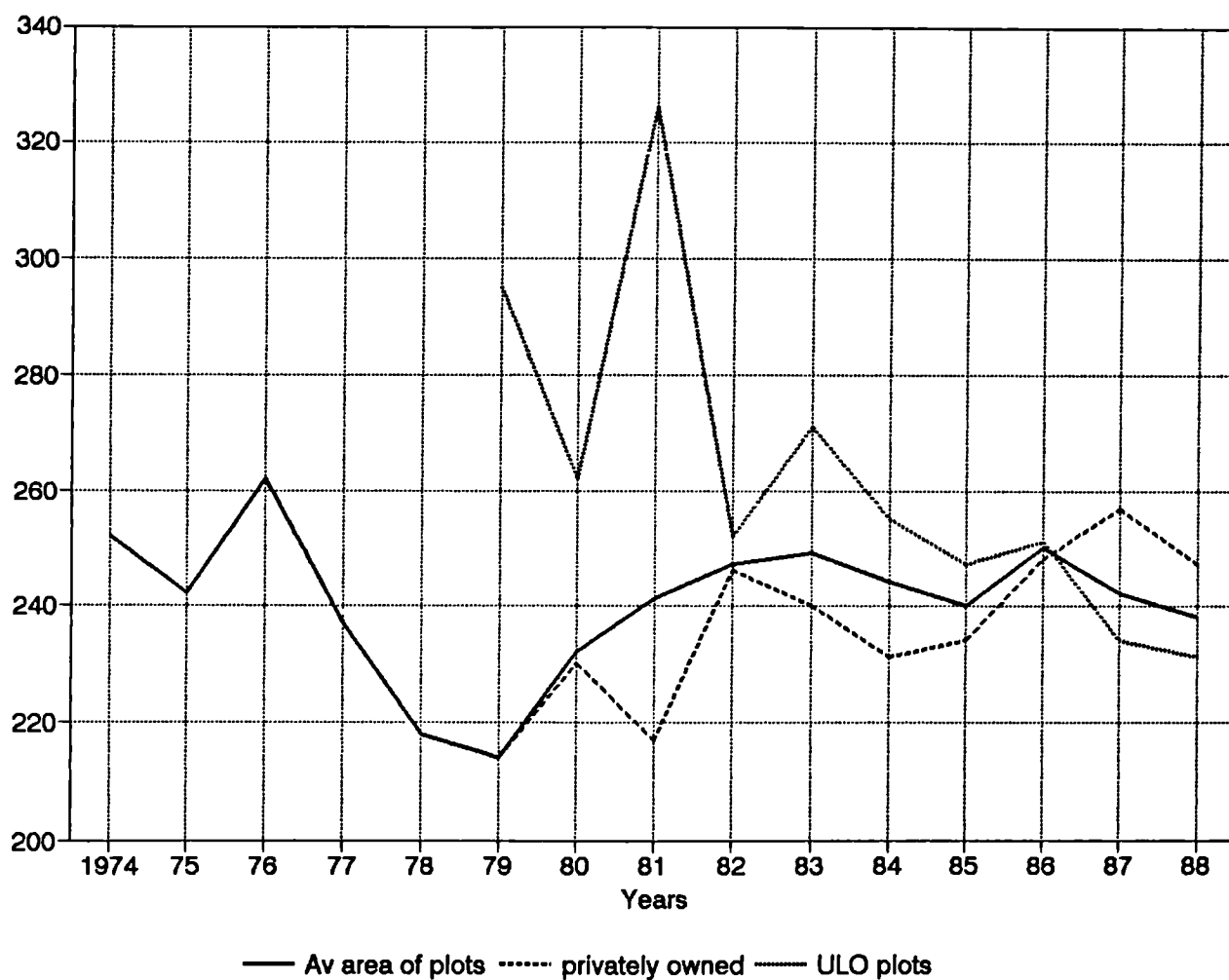
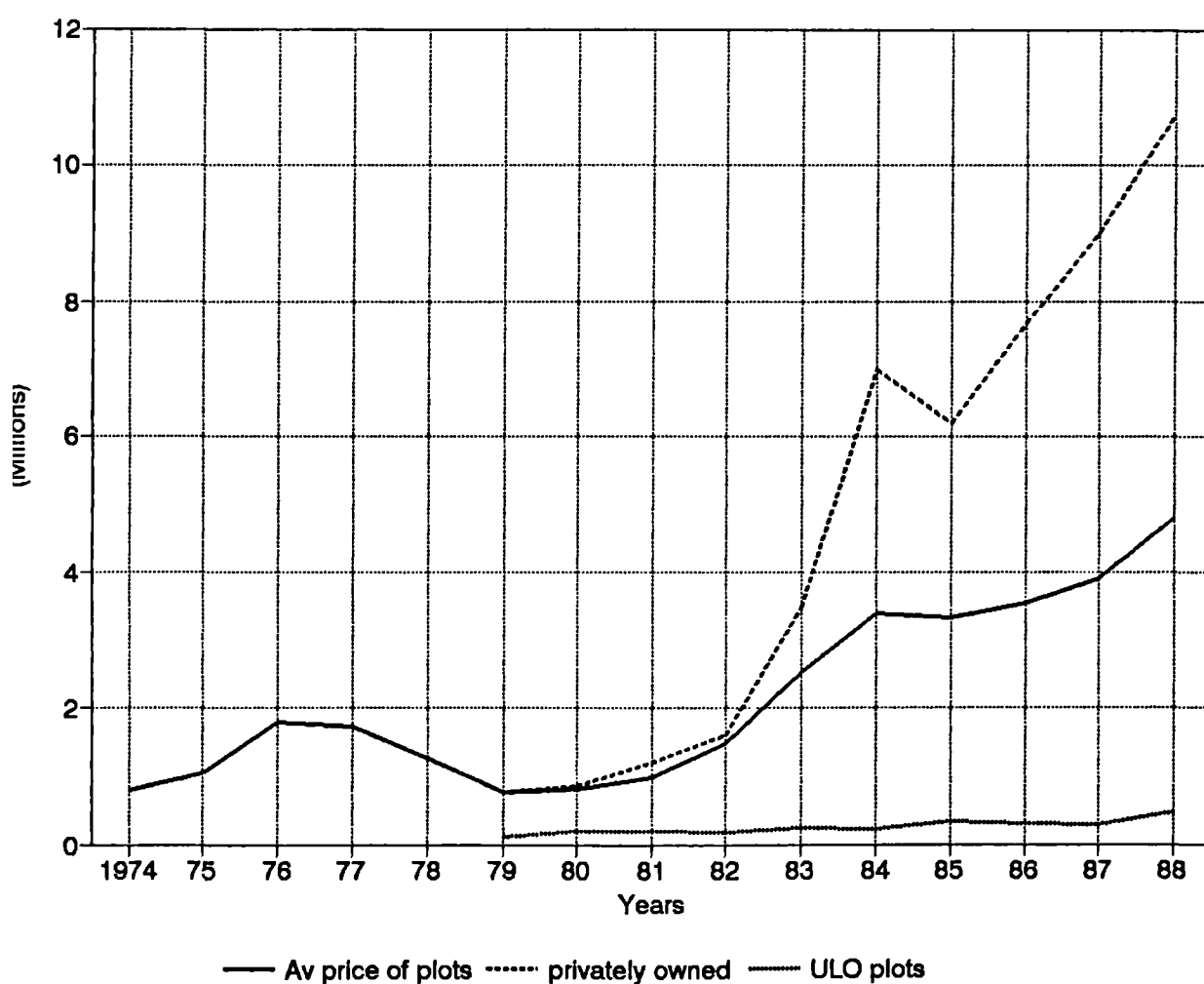


Figure 5 : The comparison between the average price of plots which were started to be developed by the private sector with those allocated by the ULO and privately owned during the 15 year period of 1974 to 1988.

Source : Data presented in tables number 34 and 36.



percent and 34 percent respectively in the total number and area of plots which were started to be developed. They have been around or higher than 50 percent since 1984. It could be argued that these shares are very high. It should be noted, however, that by the end of the period of time specified for the development of privately owned lands, within the specified ceiling limit, in the urban areas of the country the percentage share of ULO plots will increase even further. This is because by then the only remaining private land in the urban areas will be unutilized lands which will comprise a small share of land available for development in the near future.

Figure 1 represents the changes in the total number of plots on which construction was started by the private sector during the 15 year period of 1974 to 1988 and the share of land which was transferred by the ULO during the 10 year period of 1979 to 1988. It also shows the share of those plots which were privately owned and started to be developed in the years 1979 to 1988.

The same comparisons are also made in figure number 2 in terms of the total area of land. While the total area of privately owned land decreased during 1981, the amount of land which was transferred by ULO increased. During the following year, however, the amount of ULO land decreased which was due to the gap in activity caused by the replacement of the 1979 law by the 1982 one. The figure shows that the trend for the amount of the total area of plots decreased from 1984 onwards, with the amount of ULO land also taking a decreasing trend from 1985. This was partly

due to the necessity of provision of infrastructure on ULO allocated land which slowed allocation in this sector and partly due to a general reduction in economic activities from the mid 1980s onwards as a result of the effects of the on-going Iran-Iraq war.

As it is shown in table 36 the total price of plots which were transferred by ULO has been very low in comparison to privately owned land. In 1988 when the total amount of ULO land was 56 percent of the total amount of all land which were started to be developed, the total price of ULO land was just 6 percent of the total amount of investment on land for provision of housing. The remaining 94 percent belonged to privately owned land. On average during the 10 year period of 1979 to 1988 those who received land from the ULO paid just 4 percent of the total value of the plots which were then started to be developed while they owned about 34 percent of all of these land plots during this period.

Figure number 3 is representative of the process of change in the investment in land during the 15 year period of 1974 to 1988. As it is shown in this figure the process of land price increase during 1974 to 1976 and 1977 was reversed in 1978 and 1979 due to the economic crisis and the effects of the revolution. In 1983, however, land prices increased sharply while the share of ULO prices was only 3 percent of the total during that year. In 1984 and the subsequent years while the share of the number and area of ULO plots was about or over 50 percent of the total amount of land which was started to be developed the percentage

share of the total price of these plots only comprised between 4 and 6 percent of the total cost of land for provision of housing.

The area of plots which were transferred by ULO were more than the average of all the land plots which were started to be developed during the years 1979 to 1986. The average of ULO plots during the 10 year period of 1979 to 1988 being 107 percent of the average of area of the total plots of land which were started to be developed during these years. These figures show that on the whole the average size of plots allocated by the ULO has been at least as good as that of the private market and in some years much higher. Figure number 4 also shows the trend of development of these figures.

Table 36 also shows that between 1979 to 1988 the maximum average price of plots of land which were transferred by ULO in comparison to the average price of all land plots which were started to be developed occurred in 1980 when the former was only 25 percent of the latter. The lowest average price of ULO allocated lands, on the other hand, occurred in 1984 and 1987 when these lands were only 7 percent of the average price of all land plots, i.e., the average of ULO + privately owned land plots.

In 1979 the amount of lands which were transferred by the ULO was very low and could not affect the average urban land prices. Therefore, the price of urban lands which were started to be developed and which were practically all privately owned was the

same as privately owned plots. The difference between the average price of privately owned plots and ULO plots in the same year was about 6 times. The highest difference between the two, on the other hand, occurred in 1987 when the average price of privately owned plots was about 33 times the average price of ULO plots. On average during the 10 year period of 1979 to 1988 the average price of ULO plots has been 12 percent of the average price of all plots while the average price of privately owned plots was 141 percent of the average price of all plots which were started to be developed. In other words, on average, the price of one plot of privately owned land was about 12 times more than those which were transferred by ULO during the 10 year period of the implementation of the programme.

Figure number 5 represents the changes in the average price of plots of land which were started to be developed during the 15 year period of 1974 to 1988. As shown the trend of increase in ULO prices have been far below that of private market land. Indeed the effect of the ULO land has been such that it has reduced the total average price of plots, i.e., the mean of the average price of ULO allocated lands + the average price of privately owned lands, to more than half of the average of private market land prices on their own. In this regard as shown in table number 36 the average price of private plots in 1987 and 1988 was 9,010 and 10,733 thousand Rials which was 2.3 and 2.24 times the average price of total average price of plots for the same years. In other words in 1987 and 1988 the price of private market land would have to be reduced by about 57 and 55 percent

of their existing values respectively in order to get the same price as the total average price of plots. Generally, speaking during the 10 year implementation of the programme by allocating 32 percent of plots which were started to be developed at an average price of 285 thousand Rials the government was able to reduce the average price of land in the market by 29 percent, i.e., from 3,388 thousand Rials to 2,395 thousand Rials. The 57 percent and 55 percent reduction in the average price of plots in 1987 and 1988 are explanatory of the achievement of one of the main goals of the programme by the government which was the reduction of land prices for the provision of housing in the urban areas. Given the relatively higher amounts of urban land which will be serviced and allocated in the market after the implementation of land development projects it may be expected that this trend has continued in the immediate future after 1988. It should be noted that further discussion of the effects of the implementation of the Urban Land Laws In Iran on urban land prices in the private market is carried out in the following sub-chapter where it is shown that during the 15 year period of 1974 to 1988 the consumer price index increased to 974.1 but the privately owned land index only reached a maximum of 207.5 in 1984 and then it even reduced to 141.7 in 1988 which is lower than the 1976 index.⁴ This clearly shows that by flooding the urban market with cheap ULO allocated land the government was able to reduce the rate of increase of land prices tremendously. According to the provisions of the land laws, the ULO is obliged to transfer land to private citizens at officially determined prices which are very low in comparison to the actual market

prices. These ratable prices are usually reviewed after a few years in the different zones of each city. Therefore the price of allocated land by ULO remains fixed for these years until a revision of ratable values. As it is shown in table 36 the average price of one square metre of land which was transferred by the ULO during the 10 year period of 1979 to 1988 was between 6 and 22 percent of the overall average price. In this regard the ratable price was highest in 1980 when it was 22 percent of the total average prices. In this regard it should be noted that most of the land which was transferred during the first years of the implementation of the programme were those located within the built up area of cities with proportionally high ratable prices. Due to the increase in the price of private market land, the percentage share of the average price of one square metre of ULO allocated land in comparison to the overall average price reduced in a consecutive manner to 15, 12, 9 and 6 percents in the four year period of 1981 to 1984 respectively. In 1985 there was an upward revision of ratable values of land in all cities of Iran. Therefore the average price of ULO lands and as a result the percentage share of average price of ULO allocated land in the overall average increased to 10 percent in 1985 and then decreased to 8 and 7 percents in the following two years.

It must be stated that with the exception of 1979, 1980 and 1982, the average price of privately owned land in the free market during the stated 10 year period has been much higher than the total average. Indeed, with the exception of 1985, the actual private market prices have been increasing continuously during

this period. Table 36 shows that in 1979 the average price of privately owned lands was more or less the same as the total average price of land in the market as a whole. This was because the total amount of land which was transferred by the ULO in 1979 was very low and could not affect the urban land prices in any significant manner. The average price of one square metre of privately owned land, however, reached to 218 percent of the total average price in the market during 1986 and 1987. In other words in 1987 the average price of one square metre of ULO land was just 7 percent of the average price of all lands which were started to be developed while the average price of one square metre of privately owned land was 218 percent or about 30 times the ULO price, i.e., 35,013 Rials to 1,211 Rials. It can be argued that in 1987 in comparison to privately owned plots the average price of land in the market, i.e., the mean of the prices of ULO plots + privately owned plots, was reduced by about 56 percent from 35,013 Rials to 16,017 Rials which was due to the transference of 58 percent of the lands which were started to be developed at very low prices. As stated earlier this issue is discussed further in the following sub-chapter.

During 10 years of implementation of the programme the average price of one square metre of land on which construction had begun was about 10,000 Rials; the average price of one square metre of ULO land was 1,116 Rials per square metre, or 11 percent of the total. At the same time the average price of one square metre of privately owned land was 14,593 Rials or 146 percent of this total. In other words the average price of one square metre of

privately owned land was 13 times more than those which were transferred by the ULO during the stated 10 year period of 1979 to 1988.

Furthermore, during 10 years of implementation of the programme of public acquisition and allocation of land for housing the government allocated 32 percent of the plots on which construction was started by the private sector. These comprised 34 percent of the total area of such land plots. The average area of allocated land by the state was about 110 percent of the average area of land which was privately owned and started to be developed. This means the average size of ULO plots was larger than the average of all plots.

The average price of one square metre of allocated land by the state was about 7.6 percent of those which were owned privately and the average price of ULO plots was about 8.4 percent of the private plots. The total amount of money which were paid by the beneficiaries of the ULO programme, i.e., 32 percent of the total number of plots which comprised 34 percent of the total area of plots, was about 4 percent of the total price of all land on which construction was started by private individuals. On the other hand, original private land owners whose holdings amounted to 68 percent of the total number and 66 percent of the total area of plots on which construction was started paid about 96 percent of the total price of all plots during the 10 year period of 1979-1988.

Generally speaking, therefore, it can be stated that the government was able to curb urban land price increases and allocate a high proportion of the urban land for housing the low and middle income groups at very low prices during the stated 10 years.

The impact of government intervention on land prices in comparison to the process of development of land prices prior to the 1979 revolution is discussed in more detail in the following sub-chapter.

10.5. The Impact Of Public Acquisition And Allocation Of Urban Land For Provision Of Housing On Urban Residential Land Prices.

As it was argued before about 32 percent of plots which were started to be developed during the 10 year period of 1979 to 1988 were transferred by the ULO to private citizens for the provision of housing. The area of these lands were about 34 percent of the total amount of the lands which were started to be developed by the private sector. The average price of one square metre of these lands was 11 percent of the average of urban lands, while the average price of one square metre of those lands which were owned privately (within the legal ceiling limit) and started to be developed were about 146 percent (or 13 times more than the ULO lands) of the average price of all plots of lands which were started to be developed in the urban areas of Iran.

The changes in urban land prices in all urban areas of Iran are shown in table number 37 from 1974 till 1988 both at current and constant prices. It should be noted that this is five years prior to the Iranian revolution and the commencement of public acquisition and allocation of the urban land programme. During 1974 to 1976 urban land prices increased very sharply. The rate of price increases were about 37.7 percent and 58.5 percent in 1975 and 1976 at current prices and by 25.3 percent and 36 percent at prices deflated by the retail price index. In 1977 urban land prices only increased by 6.4 percent at current prices while it actually decreased by 14.9 percent at prices deflated by the retail price index due to the economic crisis of pre

Table 37 : Urban residential land prices (current and constant), land price index in all urban areas of Iran and consumer price index during the 15 year period of 1974 to 1988.

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Price of one square metre of land by Rials (current price)	Average price of land	3145	4332	6868	7311	5768	3632	3552	4070	5606	10162	13897	14158	16071	20111
	changes %	-	+ 37.7	+ 58.5	+ 6.4	-21.1	-37.2	-2.0	+ 14.6	+ 45.8	+ 71.2	+ 36.7	+ 2.2	+ 13.5	+ 25.1
	U.L.O. lands prices	-	-	-	-	-	367	773	600	701	900	910	1340	1211	2081
	changes %	-	-	-	-	-	-	+ 110.6	-22.4	+ 16.8	+ 28.4	+ 1.1	+ 47.2	-10.1	+ 71.8
Price of one square metre of land deflated by retail price index 1974 = 100	Private owned land	3145	4332	6868	7311	5768	3625	3756	5555	6484	14562	30152	30878	35013	43422
	changes %	-	+ 37.7	+ 58.5	+ 6.4	-21.1	-37.1	+ 3.6	+ 47.9	+ 16.7	+ 124.6	+ 107.1	-12.0	+ 16.4	+ 24.0
	Average price of lands	3145	3942	5361	4564	3274	1846	1495	1366	1671	2430	3007	2885	2127	2065
	changes %	-	+ 25.3	+ 36.0	-14.9	-28.3	-43.6	-20.6	-6.8	+ 22.3	+ 45.4	+ 23.7	-4.1	-17.0	-2.9
Land price index 1974 = 100	U.L.O. land prices	-	-	-	-	-	187	319	201	197	215	197	279	160	214
	changes %	-	-	-	-	-	-	+ 70.6	-37.0	-2.0	+ 8.1	-8.4	+ 41.6	-26.9	+ 33.7
	Privately owned land	3145	3942	5361	4564	3274	1847	1549	1865	1825	3483	6525	5517	5224	4633
	changes %	-	+ 25.3	+ 36.0	-14.9	-28.3	-43.6	-16.1	+ 20.4	-2.1	+ 80.8	+ 87.3	-15.4	-5.3	-3.8
Consumer price index (1974=100)	Average price of land	100.0	125.3	170.5	145.1	104.1	58.7	46.6	43.4	53.1	77.3	95.6	91.6	76.2	65.6
	changes %	-	+ 25.3	+ 45.2	-25.4	-41.0	-45.4	-12.1	-3.2	+ 8.7	+ 24.2	+ 18.3	-4.0	-15.4	-8.6
	U.L.O. lands prices index	-	-	-	-	-	-	10.1	6.4	6.3	6.8	6.3	8.9	6.5	5.1
	changes %	-	-	-	-	-	-	+ 4.2	-3.7	-0.1	-0.5	-0.5	+ 2.6	-2.4	+ 1.7
Changes %	privately owned land price index	100.0	125.3	170.5	145.1	104.1	58.7	49.2	59.3	58	110.7	207.5	175.4	163.1	141.7
	changes %	-	+ 25.3	+ 45.2	-25.4	-41.0	-45.4	-9.5	+ 10.1	-1.3	52.7	+ 96.8	-32.1	-9.3	-5.6
Changes %	Consumer price index (1974=100)	100.0	109.9	128.1	160.2	176.2	196.3	242.5	297.9	355.2	418.1	462.1	480.9	591.1	755.7
	changes %	-	+ 9.9	+ 16.6	+ 25.1	+ 10.0	+ 11.4	+ 23.5	+ 22.8	+ 19.2	+ 17.7	+ 10.5	+ 4.1	+ 22.9	+ 27.8

Source: 1) Data presented in tables No 34 and 36.
2) Central Bank of Iran, consumer price index for the period 1974 to 1988.

-revolutionary conditions. This crisis caused a reduction in urban land prices by 21.1 percent at current prices and by 28.3 percent at constant prices in 1978.

The urban land prices' downward movement started from 1977 at constant prices, and in 1978 at both constant and current prices. In this regard it must be noted that the revolutionary upheavals in Iran began in mid 1977 and gained full strength during 1978 culminating in the fall of the monarchy at the beginning of February 1979. As discussed in chapter 7 the previous regime of Iran took certain steps to combat land speculation and the increasing trend of urban land prices in 1975. This may have had some effects in the downward trend of urban land prices in the two years prior to the victory of the revolution. However, it may also be reasonably argued that the main factor in the downward movement of urban land prices was the beginning and continuation of revolutionary upheavals in the country which led to departure of many big land owners and the creation of an insecure environment for investment in land and property during these two years.

In any case the downward movement of urban land prices continued in 1979 with the commencement of the programme of public acquisition and allocation of urban land and the enactment of the law for limiting private ownership of undeveloped urban land. As a consequence of supplying more than 50 percent of urban lands by the state at very low prices the current price of privately owned land decreased by 12 percent in 1985. Moreover, the

increase in this price during the period 1986 to 1988 was only 16.4, 13.4 and 24 percent respectively. At the same time the rate of inflation during these four years was between 22.9 percent to 28.9 percents. The important point is that the prices of privately owned lands deflated by the retail price index decreased between 1985 and 1988 by 15.4, 5.3, 11.3 and 3.8 percents respectively.

As a result of decreases in the prices of privately owned land, the average constant price of urban land (i.e., privately owned land plus ULO allocated land) decreased sharply between 1985 and 1988 by 4.1, 17, 11.2 and 2.9 percent respectively. Indeed, even the increases in average current prices of all urban land was less than the rate of inflation.

The land price index is calculated on the basis of the average prices of urban lands which were started to be developed in 1974 and presented in table 37. In the same table the consumer price index with the base year of 1974 is also presented. The figures show that the consumer price index increased from 100 in 1974 to 974.1 in 1988. In other words consumer prices increased by 874 percent during 15 years or on average 16.4 percent per year.

The privately owned land price index increased to 125.3 in 1975 and 170.5 in 1976. These were much higher than the consumer price indices for these years which were 109.9 and 128.1 respectively. During the period 1977 to 1980, however, the land price index decreased continuously. In 1979 this index went below 100 which

meant that the real prices of urban land in 1979 were actually cheaper than in 1974. Indeed, while the land price index began climbing again in 1981 it remained below 100 until the end of 1982. The privately owned land price index reached 110.7 in 1983 and then dramatically increased to 207.5 in 1984. However during the period 1985-1988 the privately owned land price index at constant prices went on a continuous decreasing trend again until it reached 141.7 in 1988.

By the comparison of the consumer price index for the period 1974 to 1988 which increased from 100 to 974.1 and the privately owned land price index during the same period it would become clear that the process of high increases in urban land prices which occurred during 1974 to 1976 and which were directed by the economic crisis of the pre-revolution conditions were curbed by the enactment of the governments various land laws after the 1979 revolution. During the period since 1974 the privately owned land prices were at their highest level in 1984 when the index was 207.5 or 107.5 higher than the 1974 figure. However, as stated previously, the continued implementation of the Urban Land Law in the country meant that by 1988 the index reduced significantly to 141.7 which is even lower than the 1976 figure. Clearly, therefore, the rate of increase of private land prices has been much lower than the period prior to the revolution and by the end of the studied period the average price of privately owned land at constant prices was even less than the pre-revolutionary peak of 1976.⁵

The index of ULO land prices are obviously very low. This has been between 5.1 and 10.1 on the basis of the 1974 prices. In other words the price of ULO land during this period was between one twentieth and one tenth of the urban land prices in 1974 at constant prices.

As a result of the impact of the supply of urban land at low prices by ULO the overall index of the average price of urban lands which were started to be developed by the private sector never reached 100 during the 10 year period of 1979 to 1988. This means the average price of urban lands at constant prices between 1979 and 1988 was always less than the average price of urban land in 1974 while it reached its peak in 1976 with an index of 170.5.

Figure number 6 indicates the changes in urban land prices, both at current and constant prices.

The average price of land is the indicator of the average price of all urban lands which were started to be developed during the 15 year period of 1974 to 1988. From the commencement of the programme for the public acquisition and allocation of land in 1979 onwards, the lands which were started to be developed included two different categories. These were, firstly, those which belonged to the original land owners below the legal ceiling limit and, secondly, those which were transferred by the government. Therefore the average price of land during the 10 year period of 1979 to 1988 indicates the average prices of these

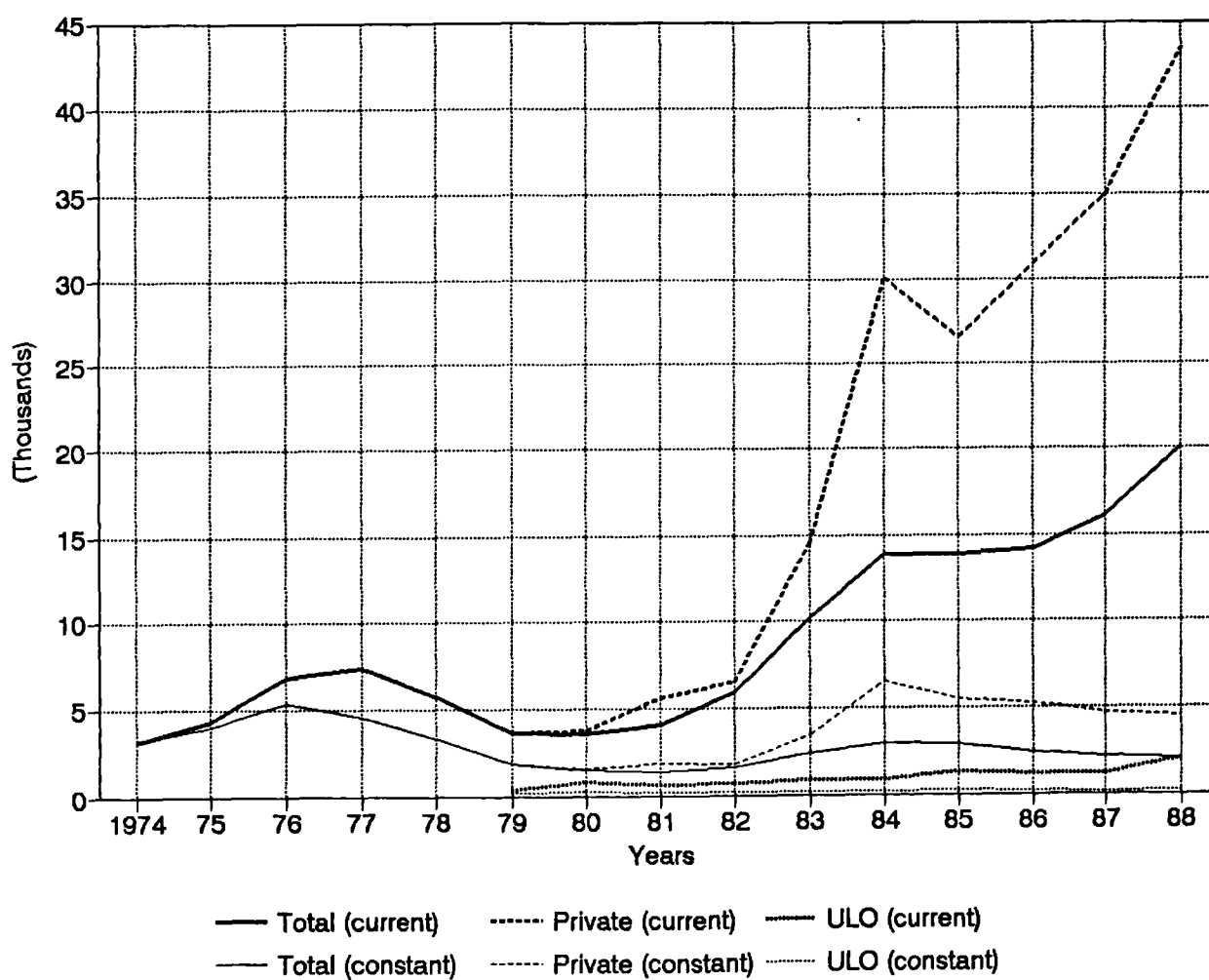
two categories. As shown the average price of land was highly affected by government intervention since it was reduced to about half, or even more than half, of the price of privately owned land from 1983 onwards. The average price of land which had an upward trend from 1974 to 1977 at current prices and from 1974 to 1976 at constant prices had a downward trend in the years after 1977 until 1980, at current prices, and 1981, at constant prices, due to the pre-revolutionary economic crisis and the upheavals of the 1979 revolution. From 1980 onward (except in 1985) the trend again became upward at current prices until 1988. At constant prices, however, this upward trend was reversed from 1985. The important point, in this regard, is that within the period of implementation of the government programmes the average price of urban land had always kept below the average of urban land prices in 1974 at constant prices.

The average of privately owned land prices at current prices which were rising up continuously (except in 1985) during the period of implementation of the law, particularly after 1982, were curbed during 1985 to 1988 when considered at constant prices. Indeed, in 1988 the average price of privately owned land at constant prices was below the average urban land prices in 1976 which was the year of maximum prices prior to the revolution.

The impact of government intervention on land prices is shown in figure 6 and is indicative of the relative success of the programmes for public acquisition and allocation of land for

Figure 6 : The comparison between the overall average price of one M2 of land, with those which were allocated by the ULO and privately owned in all urban areas of Iran during the 15 year period of 1974 to 1988 both at current and constant prices.

Source : Data presented in table number 37.



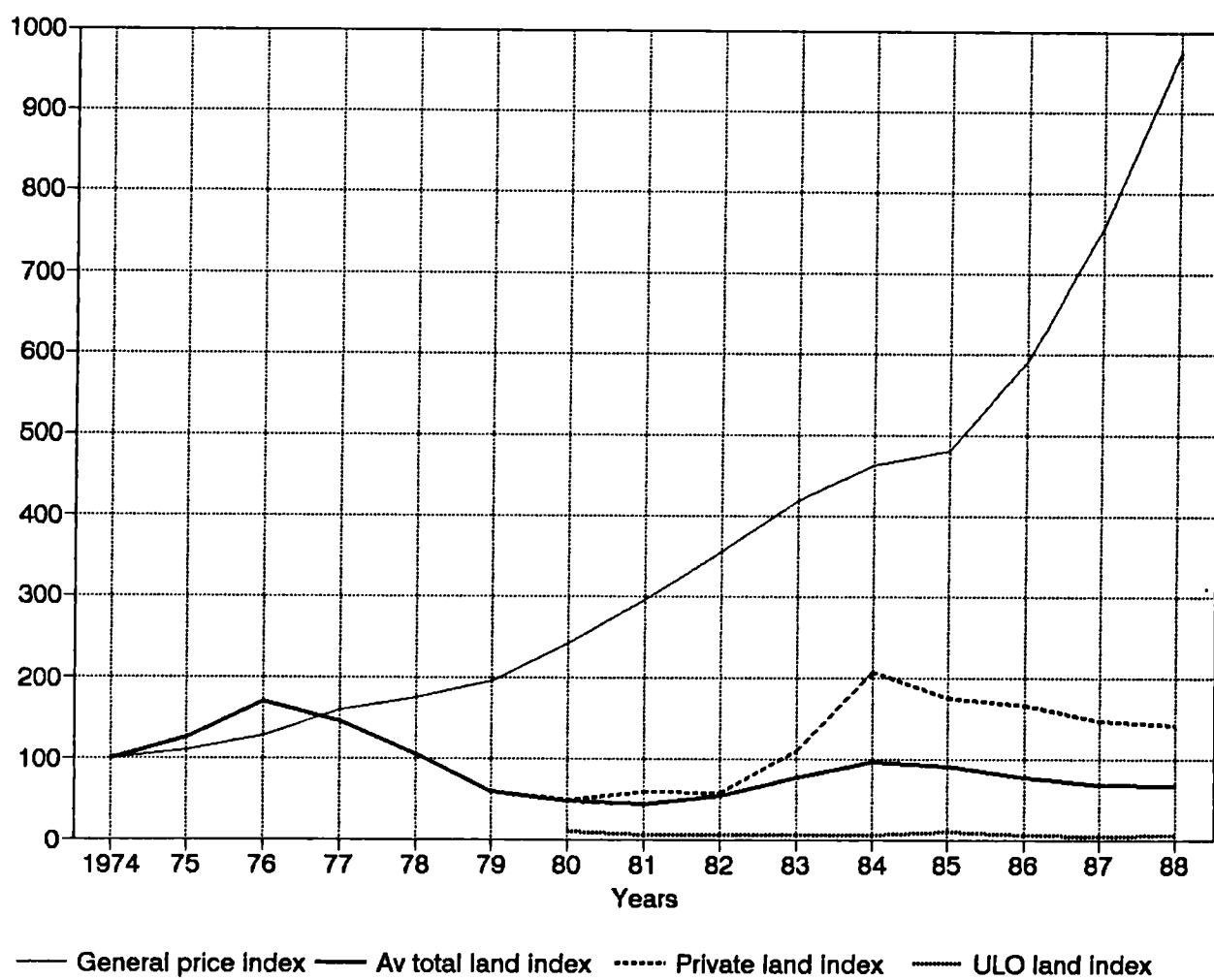
housing in Iran.

Figure 7, on the other hand, shows the process of changes in urban land price index and compares them by the consumer price index during the 15 year period of 1974 to 1988. The index of the average price of urban lands which was above the consumer price index prior to the revolution has always kept below the consumer price index since 1977.

Generally speaking, therefore, it could be stated that the government was able to achieve one of the main objectives of the programme of public acquisition and allocation of land which was to curb urban land prices. In this respect the main factors are constant value of the average prices of land as a whole, i.e., the mean of the average of the prices of ULO allocated land + the average of the prices of privately owned lands, which have reduced drastically and the average price of privately owned land at constant prices which has also had a reducing trend between 1985 to 1988 to such an extent that in 1988 its figure is even less than the 1976 one. This is despite the fact that the current prices of privately owned land has continued to rise during the period of the implementation of the various government Land Laws between 1979 to 1988. This, however, would be an expected outcome due to inflation if nothing else.

Figure 7 : The comparison between the general consumer price index, privately owned land index, average land price index, and the ULO allocated land price index during the 15 year period of 1974 to 1988.

Source : Data presented in table number 37.



10.6. Conclusion.

This chapter has examined the data on the number, area and prices of urban land on which construction was started by private households during the 15 year period of 1974-1988. This examination has included a comparison of the plots which were allocated to eligible households by the government and those which were exchanged/owned in the private market during the 10 year period of 1979-1988. It has been shown that while the number of ULO allocated plots comprised only 32 percent of the total plots during this time they comprised 34 percent of the area of the total plots. Therefore, the average size of ULO plots was bigger than the private sector ones.

More importantly the average prices of privately owned plots were on average 12 times higher than ULO plots during the 10 year period of 1979-1988. Furthermore, the total price of ULO plots was only about 4 percent of the total price of all plots on which construction was started during this time. At the same time through allocating 32 percent of land plots into the market the government was able to reduce the overall average price of plots in Iran by about 30 percent in comparison to the average private sector prices. Furthermore, it has been shown that while the index of average total land prices has also increased during some of the period after the 1979 revolution it has have never reached the highest peak of land prices prior to 1979 when discounted by the consumer price index.

It must be acknowledged that the implementation of the Urban Land Law in Iran and the acquisition of vacant Mavat land by the Urban Land Organisation and other restrictions on private land ownership has undoubtedly reduced the amount of urban land in the private market and may have thus contributed to the higher prices in that section of the market. Nevertheless, while further work is required to establish the exact effect of the implementation of the ULL on private market prices, it is highly unlikely that in the absence of the Urban Land Laws private market prices would have been offered as low as ULO allocated plots which only comprise the cost of administration and service provision without any aspect of speculation and profiteering motives of the private sector. Indeed, as discussed in chapter 7 and sub-chapter 10.5, the behaviour of the private market prior to the 1979 revolution is indicative of the fact that urban land speculation and profiteering motives were main factors in land price inflation in Iran. This was particularly the case in Tehran and other main cities where there was a high rate of land price increase in that time. Furthermore, while the trend of variation in urban land prices reduced in constant prices in 1977 and current prices in 1978 it is reasonable to assume that this was to a large degree due to the effects of the beginning of the upheavals of the Iranian revolution in mid 1977, rather than the stabilisation of the urban land market as a result of actions taken by the then government or self regulation. Indeed, it is interesting to note that during 1979-1988 even the index of the constant average prices of privately owned land was in the main lower than the peak pre-revolutionary constant average urban land prices. In

this respect it has been shown that in relation to the 1974 base year the only significant rise in the constant value of privately owned land after the revolution occurred in 1984 when it was 207.5 in comparison to the 1976 peak figure of 170.5. The average price index in the following year of 1985 was only 175.4 and for the remainder of the period it was actually less than the peak 1976 figure.

Consequently, it can be concluded that the implementation of the Urban Land Laws in Iran has undoubtedly succeeded in controlling the increase of urban land prices during the examined period of 1979–1988. This gains even more credence when taking into account that the demand for urban land became much higher during the 10 years after the revolution due to increased rural-urban migration and natural population growth than the period before it. Therefore, it may be stated that the results of this chapter support part A of the hypothesis of the thesis in that the transformation of urban land ownership rights and ULO allocation of acquired land at low prices to eligible households after the 1979 revolution in Iran resulted in the reduction of the rate of increase of the price of urban land in the market.

NOTES AND REFERENCES

1. Central Bank of Iran, Annual Reports, 1975a-1989a.
2. The Central Bank of Iran Collects its data by carrying out annual sample surveys in eighty selected cities of the country and includes all categories of land including those allocated by the Urban Land Organisation.
3. The reader is referred to chapter 8 for further explanation of the classifications of land in the Urban Land Law.
4. Central Bank of Iran, 1975b-1989b, consumer price indices for the period 1974 to 1988. Also see table 37.
5. In this respect it should be noted that about 41,000 hectares of land, which comprises about 48 percent of the total acquired land by the ULO after the revolution, was already owned by the various government agencies and the Armed forces prior to the revolution. It may therefore be asked whether the government could have achieved the same result by only acquiring and allocating these lands without having to acquire privately owned vacant lands. In this respect it must be stated that the lands which were already in public hands prior to the revolution were in the main in the protected boundary of cities which are outside their legal limits. Consequently, such lands would not have had the same use-value for housing purposes as the privately owned vacant lands which were inside the legal limits. As a result the allocation of lands already in public hands alone would not have had the same effect on the private urban land market since demand for them would have been very low. Furthermore, the protected boundary of cities is intended to limit the horizontal expansion of cities while there is adequate vacant land available inside the legal limits in order to control unnecessary urban sprawl. Therefore, building work in the protected boundary is strictly prohibited and only allowed in exceptional circumstances.

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11. THE AFFORDABILITY OF HOUSING UNITS CONSTRUCTED ON GOVERNMENT ALLOCATED AND PRIVATELY OWNED LAND FOR THE DIFFERENT INCOME GROUPS BETWEEN 1979 TO 1988.

This chapter carries out a comparison between the average price of housing units built on ULO allocated land and those which were built on privately owned land with the affordability of the different income groups in the urban areas of the country. The average price of all housing units built in the urban areas of the country is also included in these comparisons. In order to carry out this task the chapter first carries out an examination of the number, areas and prices of residential buildings and housing units built in the country between 1974-1988. As such the chapter is comprised of five parts. Part one provides some general information about the residential buildings which the private sector had commenced construction on in all urban areas of Iran between 1974-1988. Part two carries out a comparison between the number, areas and prices of housing units built on ULO allocated land and privately owned land on the basis of the recommended floor area for houses constructed on ULO allocated land by the Ministry of Housing and Urban Development. Part three, on the other hand, uses the information gained from part two in order to carry out a comparative examination of the affordability of the average prices of houses built on ULO allocated and privately owned land. However, in order to provide more objectivity to the analysis and cover the possibility that houses with other floor areas may have been built on ULO allocated land, part four examines the price of housing units with the assumption of different floor areas for both types of

land and then provides an affordability analysis for the different income groups on these bases. Finally, part five provides the conclusion to the chapter.

11.1. Residential Buildings Which Were Started To Be Constructed By The Private Sector In All Urban Areas Of Iran During The 15 Year Period Of 1974 To 1988.

The numbers, areas, and cost of construction of residential and non-residential buildings which were started to be built by the private sector in all urban areas of Iran has been investigated annually by the Central Bank of the Islamic Republic of Iran since 1974. Through the analysis of the information provided by the Central Bank the cost of construction during the stated period, including 5 years prior to the Iranian revolution can be observed. This allows an objective measure of the effect of the implementation of urban land policies on the building situation including costs after the revolution in comparison to the period before it.

Table number 38 shows the total number, area and cost of construction of residential buildings as well as the average area and cost of these buildings and the average cost of one square metre of construction during the stated period.

In this regard the total number and area of buildings which were started to be constructed by the private sector were increasing from 1974 till 1979 in terms of total number and till 1976 in terms of total area. This was especially the case in 1976 when the total number of buildings increased by about 27 percent and the total area by about 64 percent in comparison to the previous year. After the victory of the revolution in 1979 there was a rapid increase in construction activity by the private sector and

Table 38 : The number, area and cost of construction of residential buildings which were started to be constructed by the private sector in all urban areas of Iran during the 15 year period of 1974 to 1988.

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Total number of buildings	Numbers														
	Changes %														
Total area of buildings (1000 m2)	Area														
	Changes %														
Total cost of constructions (1000000 Rials)	Costs														
	Changes %														
Average area of buildings (m2)	Area														
	Changes %														
Average cost of constructions (1000 Rials)	Cost														
	Changes %														
Average cost of 1 m2 of construction (Rials)	Cost														
	Changes %														

Source : Central Bank of Iran, summary of construction activities of private sector in urban areas of the country, Annual Reports, 1974-1988.

+ Costs are at current value.

at more reduced pace during 1980. However, in the following two years of 1981 and 1982 there was a fall in activity in terms of the total number and area of residential buildings. One reason for this may be that after the revolution depending on the city the enacted Law on the Abolition of the right of ownership of undeveloped land set a time limit of 2-4 years for the development of land whose private ownership was recognised. Consequently, many private owners started construction on their permitted plots in order to avoid confiscation of their permitted plots. To this must be added building construction by those private individuals who were granted ownership of land by revolutionary organisations in the first two years.

After the enactment of the 1982 Urban Land Law, which recognised the ownership and allowed the development of more than one plot of land by private individuals within the specified ceiling limit a large number of privately owned land plots were started to be developed. Moreover, the Urban Land Organisation had also allocated a large number of land plots by then which were also ready for construction. As a result the total number and area of newly started residential buildings rose by 97 and 94 percent respectively during 1983. This, however, was the peak year of activity after the revolution and the trend for the remainder of the period has been a reducing one. It should be noted that the continuation of the Iran-Iraq war during these years and the subsequent shortage of materials may be one reason for this continuing decline in activity after 1983.

Table 38 also shows the total cost of construction of residential buildings which were newly started during the stated 15 year period. The total cost of construction of buildings in each year is indicative of the amount of investment by the private sector in residential buildings including the cost of housing units built on ULO allocated land after 1979. A comparison between the trend of change in the total number and area of residential buildings and the total cost of construction prior to 1979 shows that the cost of construction was rising much faster than the increase in the total number and area of buildings during that period. This was probably due to the high and rapidly increasing price of building materials and wages during that time. This was particularly the case during 1975 and 1976 when the total amount of investment in residential construction rose by 77 and 102 percent respectively. During 1979 while the total area of residential buildings increased by 25 percent that amount of investment rose by only 10 percent. This is indicative of reductions in the cost of construction in that year which may have been the result of the revolutionary climate of the time. For the remainder of the period, however, the trend of investment in residential buildings has followed that of the total area of these buildings.

The average area of residential buildings, on the other hand, ranged between 157 to 247 square metres during the stated 15 year period. The average cost of construction of these buildings, moreover, was rising very sharply prior to the revolution and reached its peak in 1976. Between 1977 and 1979 the average prices

decreased. This was due to the decreasing average area of buildings which reduced by about 20, 11 and 9 percent in 1977, 1978 and 1979 respectively. From 1980, onwards, however the average cost of construction has been on the rise again until the end of the period of the study.

Finally, table 38 shows that with the exception of 1979 the average cost of construction per square metre has been rising continuously during the period of 1974-1988. The maximum relative increase occurred in 1975 when it rose by about 50 percent in relation to the previous year.

11.2. Comparison Between The Number, Area And Price Of Housing Units That Were Started To Be Constructed On ULO Allocated Land, Privately Owned Land And Their Average During The 10 Year Period Of 1979 To 1988 On The Basis Of The Recommended Floor Area For ULO Housing By The MHUD.

Prior to the comparison of the number, area and price of housing units that were started to be built on ULO allocated and privately owned land it is useful to explain the basis of the calculations used for this comparison.

In this regard it should be noted that the data from the Central Bank of the Islamic Republic of Iran only relates to residential buildings.¹ However, the number of residential units is actually more than residential buildings as some buildings are multi storey and contain more than one unit. According to the annual reports of the Central Bank of Iran the average correction factor for obtaining the number of residential units in relation to residential buildings during the 10 year period of 1979-1988 is 1.2.² In other words the number of residential buildings must be multiplied by 1.2 in order to obtain the total number of residential units. Conversely the average area and cost of residential buildings must be divided by the same factor in order to obtain the same figures for residential units. These calculations have been carried out by the author and presented in table number 39. This table also shows the average area and price of land used for housing units during the 15 year period of 1974 to 1988. Table 39 then goes on to use the aforementioned information to show the total average price of housing units and the percentage of cost of construction and land to the total

Table 39 : The number and average area of housing units, average cost of construction and the price of land for each housing unit and its average cost in all urban areas of Iran during the 15 year period of 1974 to 1988.

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Total number of housing units *	97833	103100	130720	143104	131283	180109	185593	153978	118208	232884	201584	171801	133194	108127	88827
Average area of housing units (m ²)	142	159	208	163	146	133	137	132	133	131	140	146	162	158	182
Average cost of construction (1000 Rials)	787.5	1337.7	2141.0	2126.9	1946.2	1560.2	1858.4	2247.2	2790.4	3538.6	4175.1	4488.4	5525.7	6118.3	7408.0
Average area of land for each unit (m ²)	210	202	218	197	182	178	183	201	208	207	203	200	208	203	198
Average price of land for each unit (1000 Rials)	680.6	872	1497.5	1444.1	1048.7	646.5	885.9	817.4	1222.3	2107.7	2828.8	2778.7	2948.4	3282.5	3888.2
Average cost of housing unit (1000 Rials)	1458.1	2209.7	3638.5	3571	2995.9	2206.7	2544.3	3064.6	4012.7	5646.3	7003.9	7267.1	8474.1	9380.8	11394.2
Percentage of cost of construction to total cost	54.7	60.5	58.8	59.6	65.0	70.7	73.0	73.3	69.5	62.7	58.6	61.8	65.2	65.2	65.0
Percentage of price of land to total cost	45.3	38.5	41.2	40.4	35.0	29.3	27.0	26.6	30.5	37.3	40.4	38.2	34.8	34.8	35.0

* Each residential building = 1.2 housing unit

Source : Data presented in tables No 38 and 34.

+ Costs and prices are at current value.

average price. Table number 40 is representative of the total number, area, and average area of housing units in all urban areas of the country as well as the above information for those units which were constructed on ULO allocated lands and privately owned lands. These are based on the assumption of 75 square metres for the average size of housing units on ULO land. This figure was observed during the fieldwork by the author and is also corroborated by the samples collected by the ULO which was mentioned in the previous chapter.

The total number of housing units which were constructed on ULO allocated lands and presented in table number 33 is the basis for the calculation of the total area of these units. Furthermore the total number and area of all the housing units built in the country is also given in the above-mentioned table. Therefore the total and average area of housing units which were constructed on privately owned lands has been calculated and shown in table number 40.

Tables 41 and 42 are representative of the average area and cost of construction, the average area and price of land and therefore the average price of housing units which were built on privately owned and ULO allocated lands respectively. These tables show that in the period 1979-1988 the percentage share of the cost of land of housing units built on privately owned land ranged between about 27 percent to about 46 percent of the total cost of housing units. The same ratio for housing units built on ULO allocated land, however, ranged between about 9 percent to about

Table 40 : The total number, total area and average area of housing units which were started to be constructed on ULO allocated and privately owned lands and their total during the 10 year period of 1979 to 1988 in all urban areas of Iran.

		1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Total	Total number of housing units	180109	195593	153978	118208	232884	201594	171601	133194	109127	89827
	Total area of housing units(1000m2)	24051	26833	20294	15690	30453	28292	25132	21623	17245	14544
	Average area of housing units(m2)	133	137	132	133	131	140	146	162	158	162
ULO allocated lands	Total number of housing units	61	9851	28424	9133	57479	89283	69835	62264	53093	43441
	Total area of housing units(1000m2)	5	739	2132	685	4311	6696	5238	4670	3982	3258
	Average area of housing units(m2)	75	75	75	75	75	75	75	75	75	75
Privately owned lands	Total number of housing units	180048	185742	125554	109075	175405	112311	101768	70930	56034	46386
	Total area of housing units(1000m2)	24046	26094	18162	15005	26142	21596	19894	16953	13263	11286
	Average area of housing units(m2)	134	140	145	138	149	192	195	239	237	243

Source : Data presented in table No 39.

Table 41 : The number and average area of housing units which were started to be constructed on privately owned lands, the averages of cost of construction and the price of land for each housing unit and its average cost in all urban areas of Iran during the 10 year period of 1979 to 1988.

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Total number of housing units	180048	185742	125554	109075	175405	112311	101766	70930	56034	46386
Average area of housing units (m2)	134	140	145	138	149	192	195	239	237	243
Average cost of construction (1000 Rials)	1565.7	1896.4	2472.2	2901.2	4031.9	5712.0	5976.2	8135.1	9176.2	11117.7
Average area of land for each housing unit (m2)	178	189	172	202	187	162	168	171	174	167
Average Price of land for each housing unit (1000 Rials)	645.3	709.9	955.5	1309.8	2723.1	4884.6	4457.2	5280.1	6092.3	7251.5
Average Cost of housing units (1000 Rials)	2211.0	2606.3	3427.7	4211.0	6755.0	10596.6	10433.4	13415.2	15268.5	18369.2
Percentage of cost of construction to total cost	70.8	72.8	72.1	68.9	59.7	53.9	57.3	60.6	60.1	60.5
Percentage of price of land to total price cost	29.2	27.2	27.9	31.1	40.3	46.1	42.7	39.4	39.9	39.5

Source : Data presented in tables No. 35, 38 and 40.

+ Costs and prices are at current value.

Table 42 : The number and average area of housing units which were started to be constructed on U.L.O allocated lands, the average cost of construction and the price of land for each housing unit and its average cost in all urban areas of Iran during the 10 year period of 1979 to 1988.

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Total number of housing units	61	9851	28424	9133	57479	89283	69835	62264	53093	43441
Average area of housing units (m2)	75	75	75	75	75	75	75	75	75	75
Average cost of construction (1000 Rials)	876.3	1015.9	1248.7	1576.7	2029.5	2231.2	2298.5	2552.8	2903.8	3431.4
Average area of land for each housing unit (m2)	295	262	326	252	271	255	247	251	234	231
Average price of land for each housing unit (1000 Rials)	114.7	202.7	195.8	177.0	243.5	232.5	331.4	302.4	283.1	481.0
Average cost of housing units (1000 Rials)	991.0	1218.6	1444.5	1753.7	2273.0	2463.7	2629.9	2855.2	3186.9	3912.4
Percentage of cost of construction to total cost	88.4	83.4	86.4	89.9	89.3	90.6	87.4	89.4	91.1	87.7
Percentage of price of land to total cost	11.6	16.6	13.6	10.1	10.7	9.4	12.6	10.6	8.9	12.3

Source : Data presented in tables No. 33, 38 and 40.

+ Costs and prices are at current value.

17 percent in the same period.

The chapter can now proceed to carry out an analysis of the comparison between the total number, area and price and also average area and price of housing units which were started to be built on ULO allocated and privately owned land as well as the average price of one square metre of housing units during the 10 year period of 1979-1988. The aim of this comparison is to examine the impact of low price allocated land by the ULO in reducing the cost of housing units which were constructed on them. This comparison will also provide a basis for analyzing the level of affordability of the cost of housing units for different income groups in the urban areas of Iran which will be discussed in the next part of this chapter.

Data used in the comparison are presented in table number 43. As it is shown in this table, almost all housing units which were started to be constructed in 1979 were those which were built on privately owned lands. By the implementation of urban land policies in 1979, and the years after, the portion of ULO housing units increased to about 47, 49, and 48 percents in 1986, 87, and 89 respectively.

The average share of the number of housing units which were constructed on ULO allocated land was 27 percent during the stated 10 year period. The total area of these housing units also increased to about 22 to 24 percent between 1984 to 1988. The average area of housing units built on ULO allocated land, on the

Table 43: The comparison between the number, area and price of housing units which were constructed on U.L.O allocated lands or on privately owned lands with the total number of housing units which were started to be constructed during the 10 year period of 1978 to 1988.

	Total	%	1978	%	1979	%	1980	%	1981	%	1982	%	1983	%	1984	%	1985	%	1986	%	1987	%	1988	%
Total number of housing units	1568115	100	180108	100	153978	100	185583	100	153978	100	118208	100	222884	100	201594	100	171601	100	133194	100	108127	100	88827	100
U.L.O	422864	27	61	—	28424	18	9851	5	28424	18	9133	8	57479	25	86283	44	68635	44	62284	47	53053	48	43441	48
Privately owned	1165251	73	180048	100	125554	82	185742	85	125554	82	108075	92	175405	78	112311	56	101788	58	70830	53	55034	51	45385	52
Total area of housing units (1000 m2)	224157	100	24051	100	20284	100	28533	100	20284	100	15890	100	30453	100	28292	100	26132	100	21623	100	17245	100	14544	100
U.L.O	31716	14	5	—	2132	11	739	3	2132	11	685	4	4311	14	8888	24	5238	21	4670	22	3882	23	3228	22
Privately owned	182441	86	24046	100	18162	89	28094	97	18162	89	15005	96	26142	86	21398	78	18894	78	16553	76	13283	77	11288	78
Total price of housing units (1000000 Rials)	8591164	100	397484	100	471861	100	467881	100	471861	100	474340	100	1314817	100	1411856	100	1247044	100	1128700	100	1023701	100	1023500	100
U.L.O	1120350	12	60	—	41038	8	12004	2	41038	8	18016	3	130650	10	218988	16	183859	15	177778	16	168202	17	168989	17
Privately owned	7870814	88	387404	100	430823	91	465877	98	430823	91	456324	97	1184267	90	1191860	84	1063385	86	950924	84	854488	83	853541	83
Average area of housing units (m2)	141	100	133	100	132	100	137	100	132	100	133	100	131	100	140	100	146	100	162	100	159	100	162	100
U.L.O	75	53	75	56	75	56	75	56	75	56	75	56	75	57	75	54	75	51	75	46	75	47	75	48
Privately owned	165	117	134	101	145	110	140	102	145	110	138	104	148	114	162	137	185	134	238	147	237	150	243	180
Average price of housing units (1000 Rials)	5888.7	100	2208.7	100	3094.6	100	2544.3	100	3094.6	100	4012.7	100	5946.3	100	7003.9	100	7287.1	100	8474.1	100	8380.8	100	11394.2	100
U.L.O	2848.4	47	991.0	45	1218.6	46	1218.6	45	1444.5	47	1753.7	44	2273.0	40	2463.7	35	2828.9	38	2695.2	34	3188.9	34	3912.4	34
Privately owned	6788.2	119	2211.0	100	3427.7	112	2828.3	102	3427.7	112	4211.0	105	6755.0	120	10988.6	151	10433.4	144	13415.2	155	15288.5	163	18388.2	161
Total	40111	100	18528	100	22292	100	18547	100	22292	100	30232	100	43178	100	4680.8	100	46820	100	52188	100	58382	100	70373	100
U.L.O	35324	88	12000	73	18244	88	18244	88	18244	88	23281	77	30308	70	32850	86	35063	86	38088	73	42482	72	52167	74
Privately owned	43800	102	16927	100	23721	102	18312	100	23721	102	30546	101	45301	105	55185	111	53492	108	58382	107	84427	108	75628	107

Sources : Data presented in tables No. 34, 35, 36, 41 and 42.
+ Prices are at current value.

other hand, was about 14 percent of the total area of housing units built during the stated 10 year period. In other words the percentage share of housing units built on privately owned land was 86 percent of the total area.

The total price of housing units which were constructed on ULO allocated lands reached a maximum of 17 percent in the years 1987 and 1988. On average the total price of these units was about 12 percent of the total price of housing units. It should be noted that this covers 27 percent of the total number of housing units.

As mentioned before the average size of housing units which were constructed on ULO allocated land was assumed to be about 75 square metres, but the average size of housing units which were constructed on privately owned land was 165 square metres during the 10 year period of 1979 to 1988.

The average price of housing units which were constructed on ULO allocated land was about 48 percent of the average price for all housing units in the urban areas of the country in 1980. This reduced to 34 percent in the years 1986 to 1988 while the average price of housing units built on privately owned lands was about 158 to 163 percent of the average price for all housing units in the urban areas of the country in those years. The average price of housing units built on ULO allocated and privately owned land during the stated 10 year period was 47 percent and 119 percent respectively. In other words the average price of housing units which were constructed on privately owned land were 2.5 times

higher than those which were constructed on ULO allocated land.

It should also be restated that the average area of privately owned land for these housing units ranged between 162 to 202 square metres during the stated period. The average area of ULO allocated land, on the other hand, ranged between 231 to 326 square metres for the same period.

On the basis of the above data it can be calculated that the average price of one square metre of housing units on ULO allocated land was 35,324 Rials or 88 percent of the average price of one square metre for all housing units built in the urban areas of the country. The same comparative ratio for housing units built on privately owned land was 40,900 Rials or 102 percent.

11.3. Affordability Of The Price Of Housing Units Which Were Constructed On Different Categories of Land For The various Income Groups On The Basis Of The Recommended Floor Area For ULO Housing By The MHUD.

The number, area and price of housing units which were started to be constructed on ULO allocated and privately owned land and their total during the 10 year period of 1979 to 1988 was compared in the previous part of this chapter. The comparison between the average area and price of the above mentioned housing units and their average price per square metre was also provided and presented in table 43.

This part of the study aims to analyze the level of affordability of the cost of housing units for the different income groups in the urban areas of the country during the period 1979 to 1988.

In this regard it should be noted that with the exception of 1981 data on the overall income and expenditure and the housing expenditure of different income groups of urban households of Iran has been provided annually by the Statistic Centre of Iran for the period 1979 to 1988. Therefore, an examination of affordability for 9 years of the stated period can be carried out.

The level of affordability of the average price of housing units which were constructed on ULO allocated land, privately owned land and their average for the different income groups in 9 years of the stated 10 year period are presented in tables 44 to 52.

In this respect the annual overall expenditure and also the

housing expenditure of the different income groups are selected as the basis for examination of the level of affordability of the cost of housing units for these groups. It should be noted that the reason for choosing the data on expenditure rather than income as the basis for this examination is founded on the recognition that the former is a more accurate reflection of the income of households. This is clearly shown by the fact that on the whole the average annual expenditure of the different income groups in Iran has been higher than their average annual income. For example in the years 1979, 82, 83, 84, 85, 86, 87, and 88 the average annual expenditure of the different income groups in the urban areas of Iran was respectively about 528, 883, 1113, 1240, 1280, 1315, 1489, and 1800 thousand Rials while their average income for the same period was respectively about 514, 710, 918, 1034, 1037, 1127, 1149, and 1340 thousand Rials.³

In addition to their own income households also could have recourse to mortgage from banks. In this regard it must be explained that cumulative interest collection is not allowed under Islamic banking law. This means that the banks would have had to set a simple rate at the beginning for the entire repayment period. The beneficiary of the mortgage, moreover, was also charged a fixed rate by which to repay the amount of loan itself. This rate plus the interest would be the total rate of annual repayment.

According to the ruling of the Iranian government in 1979, Iranian banks were obliged to provide a maximum of 4 million

Rials with an interest rate of 4 percent for construction or purchase of housing. At the same time the rate for the repayment of the loan itself was also set at 4 percent for a 25 year period. Therefore, the total annual rate of repayment for the beneficiary was 8 percent of the amount of loan. In 1982 the amount of loan itself and the annual rate of interest increased to 7 million Rials and 6 percent respectively and remained the same till the end of the period of the study. The rate for the repayment of the loan itself, however, remained unchanged at 4 percent for a 25 year period. Therefore, the total annual rate of repayment for the beneficiary during 1982-1988 was 10 percent of the amount of loan. In addition the total amount of mortgage could not exceed 50 percent of the total cost/price of the housing units.

By taking into account that the amount of payable mortgage was a maximum of 50 percent of the cost/price of construction of housing units, including land price, it can be calculated that the annual payment for the mortgage would have been equal to 4 percent of the total cost/price of housing units for the period 1979 to 1981 and 5 percent of the cost for the period 1982 to 1988. From this it can be calculated that between 1979 to 1981 the cost/price of housing units would have to be at maximum 25 times the housing expenditure of households for it not to exceed the total rate of repayment on the total cost of housing and therefore to be affordable to them. For the period 1982-1988 the cost of housing units would have to be at maximum 20 times the annual housing expenditure of households so that it would be

affordable to them by not exceeding their total repayment rate.

According to data presented in tables 44 to 52 the figure of 25 to 20 times of housing expenditure is approximately about 7.5 to 6 times of annual expenditure. Therefore, it is assumed that between 1979 to 1981 the price/cost of housing units would have to be at maximum about 7.5 times the annual expenditure or 25 times the housing expenditure for it to be affordable to the households. On the other hand for the period of 1982 to 1988 the price/cost of housing units would have to be at maximum 6 times the annual expenditure or 20 times the housing expenditure for it to be affordable. Accordingly, higher figures than those stated for each period are considered to be not affordable.

Moreover, it should also be stated that the Statistic Centre of Iran has divided households in urban areas of Iran in to ten different income groups. Between 1979 to 1981 the income of the four lower income groups, i.e., groups 1-4, was less than 120 thousand Rials. These were classified as low income groups by the Statistic centre of Iran.⁴ The annual income of the next three income groups, i.e., 5-7, was between 121 to 360 thousand Rials. These were classified as the middle income groups.⁵ Finally, the annual income of the three higher income groups, i.e., 8-10, was more than 360 thousand Rials. These were classified as the high income groups.⁶ During the period 1982 to 1988, however, these income classifications were adjusted so that the five lower income groups, who were classified as low income, were now classified as having an income up to 600 thousand Rials.⁷ The

next two groups, who were classified as middle income, were now classified as having between 600 and 1,200 thousand Rials and the next three groups, who were classified as high income groups were now classified as having more than 1,200 thousand Rials.⁸ The percentage of urban households comprising each of these categories varied depending on the year of examination and are shown in the related tables.

It should be noted that these classifications may not be very accurate when taking in to account the effect of inflation through time. Indeed, some other research carried out through the Ministry of Housing and Urban Development suggests that in 1985 the minimum income for a minimum standard of living in Iran was 749,455 Rials per annum.⁹ This would also put income group 6 around or below poverty line. Indeed, by inclusion of this income group to the lower 5 groups a total of 43.5 percent of urban households could be considered as low income. The Classification of the Statistic Centre of Iran, however, only includes income groups 1-5 or 32 percent of households as low income in the same year. Furthermore, another research carried out under the auspices of the Ministry of Housing shows that based on 1974 prices the real purchasing power of households in Tehran which were considered to have higher incomes than the rest of the country had actually reduced by about 61 percent between 1977 to 1986.¹⁰

Therefore, based on the real purchasing power of the households the classification of income groups in the country should be

adjusted in such a way that the number of low and middle income groups increase every year and the number of high income groups reduces. The provided classification by the Statistic Centre of Iran, however, shows the opposite whereby between 1982-1988 the percentage number of low income groups has reduced from 40 at the beginning to 19 at the end of the period. At the same time the percentage number of high income groups has increased from 21 to 45 in the same period. Nevertheless, the classifications of the Statistic Centre of Iran are the only available official data on income and expenditure in the country which is used and accepted by the government. Moreover, these classification are the only ones which are available on an annual basis and cover the examined period of the research. In addition the determination of the effect of ULO land allocation on patterns of affordability in comparison to the effect of privately owned land would be adequate for the purposes of this thesis since it would provide some measure of comparison for determining the effects of each category of land on affordability in relation to each other. This is as opposed to the accurate identification of the different income groups as percentages of the population. As such the aforementioned income classifications of the Statistic Centre of Iran have been deemed to be acceptable for the purposes of this study.

Tables 44 to 52 will now show the level of affordability of the average price of housing units which were constructed on the different categories of land in the urban areas of Iran.

Table 44 : The level of affordability of the cost of housing units for the different income groups in the urban areas of Iran, based on the comparison of the total average price of housing units and the average price of housing units which were constructed on ULO allocated and privately owned lands with the annual expenditure and housing expenditure of different income groups in 1979.

Income Groups	%	Income ('000 Rials)	%	Expenditure ('000 Rials)	Housing Expenditure ('000 Rials)	Average price of housing units P = 2208.7 ('000 Rials)			Average price of ULO housing units P = 991.0 ('000 Rials)			Average price of privately owned units P = 2211.0 ('000 Rials)		
						P/E	P/H/E	Affordability	P/E	P/H/E	Affordability	P/E	P/H/E	Affordability
Low Income	13.0	<30	3.7	164.3	43.2	13.4	51.1	-	6.0	22.9	+	13.5	51.2	-
		30-60	2.6	161.9	38.8	13.6	56.9	-	6.1	25.5	+	13.7	57.0	-
		60-90	3.2	195.0	43.6	11.3	50.6	-	5.1	22.7	+	11.3	50.7	-
		90-120	3.5	228.3	45.9	9.7	48.1	-	4.4	21.6	+	9.8	48.2	-
Middle Income	32.3	120-180	8.1	245.6	48.9	9.0	45.1	-	4.0	20.3	+	9.0	45.2	-
		180-240	8.3	341.6	68.3	6.5	32.3	-	2.9	14.5	+	6.5	32.4	-
		240-360	15.9	384.5	88.1	5.7	25.0	+	2.6	11.2	+	5.7	25.1	+
		360-600	25.1	505.6	120.4	4.4	18.3	+	2.0	8.2	+	4.4	18.4	+
High Income	54.6	600-1200	22.6	790.4	218.1	2.8	10.1	+	1.2	4.5	+	2.8	10.1	+
		>1200	8.9	1281.4	388.3	1.7	5.5	+	0.8	2.5	+	1.7	5.5	+
Average	100.0	514.4	100.0	528.2	135.4	4.2	16.2	+	1.9	7.3	+	4.2	16.2	+

Source : 1) Statistics Centre of Iran, Annual income and expenditure of urban households in 1979.

2) Data presented in table No. 43.

As shown in table number 44 the average price of all housing units in 1979 was about 2206.7 thousand Rials. As shown during 1979 the average price of housing units in the country was between 4.4 to 1.7 times the expenditure of the income groups 8-10 or the three highest income groups which comprised about 55 percent of the number of urban households. Households in the income group 7, on the other hand, could just afford these prices with the average price being 5.7 times their total expenditure and 25 times their housing expenditure. However, the remainder of the income groups could not afford this average price.

The average price of houses built on ULO allocated land, on the other hand was about 991 thousand Rials. With this price even the lowest sector of income group one or the lowest income group could afford the housing unit since it was only 6 times their annual expenditure or 23 times their housing expenditure. The average price of housing units built on privately owned land, however, was 2211 thousand Rials which gave a similar affordability pattern as the average price of all housing units. The above figures show that the gap between the full affordability coverage of the price of housing units built on ULO allocated land and privately owned land is about 29 percent of the households.

Table 45 : The level of affordability of the cost of housing units for the different income groups in the urban areas of Iran, based on the comparison of the total average price of housing units and the average price of housing units which were constructed on ULO allocated and privately owned lands with the annual expenditure and housing expenditure of different income groups in 1980.

Income Groups	%	Income (1000 Rials)	%	Expenditure (1000 Rials)	Housing Expenditure (1000 Rials)	Average price of housing units P = 2544.3 (1000 Rials)			Average price of ULO housing units P = 1218.6 (1000 Rials)			Average price of privately owned units P = 2808.3 (1000 Rials)		
						P/E	P/H/E	Affordability	P/E	P/H/E	Affordability	P/E	P/H/E	Affordability
Low Income		<30		186.8	52.9	13.6	48.1	-	6.5	23.0	+	13.9	49.3	-
		30-60		157.5	44.6	16.1	57.0	-	7.7	27.3	-	16.5	58.4	-
		60-90		187.8	53.2	13.5	47.8	-	6.5	22.9	+	13.9	48.0	-
		90-120		178.3	50.5	14.3	50.4	-	6.8	24.2	+	14.6	51.6	-
Middle Income		120-180		210.8	59.7	12.1	42.6	-	5.8	20.4	+	12.4	43.7	-
		180-240		239.0	67.7	10.6	37.6	-	5.1	18.0	+	10.9	38.5	-
		240-360		320.6	90.8	7.9	28.0	-	3.8	13.4	+	8.1	28.7	-
		360-600		435.3	123.3	5.8	20.6	+	2.8	9.9	+	6.0	21.1	+
High Income		600-1200		799.0	228.3	3.2	11.2	+	1.5	5.4	+	3.3	11.5	+
		>1200		1198.0	339.3	2.1	7.5	+	1.0	3.6	+	2.2	7.7	+
Average	100.0	608.8	100.0	645.5	154.5	4.7	16.5	+	2.2	7.9	+	4.8	16.9	+

Source : 1) Statistics Centre of Iran, Annual Income and expenditure of urban households in 1980.

2) Data presented in table No. 43

As shown in table number 45, the average price of all housing units that were built in 1980 was about 2544 thousand Rials. This time the average price was only affordable to income groups 8-10 or the highest income groups. The price was over 7.5 times the average annual expenditure and 25 times the housing expenditure of the remaining income groups. The average price of housing units built on ULO allocated land, on the other hand, was about 1219 thousand Rials. This price was fully affordable to income groups 5-10 and about borderline affordability for the lower income groups of 1-4. The average price of housing units built on privately owned land, moreover, was 2606 thousand Rials. As in 1979 this gave an affordability pattern similar to the average price of all the housing units. It should be noted that the data on the percentage distribution of households among the different income groups was not available in this year.

Table 46 : The level of affordability of the cost of housing units for the different income groups in the urban areas of Iran, based on the comparison of the total average price of housing units and the average price of housing units which were constructed on ULO allocated and privately owned lands with the annual expenditure and housing expenditure of different income groups in 1982.

Income Groups	%	Income (1000 Rials)	%	Expenditure (1000 Rials)	Housing Expenditure (1000 Rials)	Average price of housing units P = 4012.7 (1000 Rials)			Average price of ULO housing units P = 1753 (1000 Rials)			Average price of privately owned units P = 4211.0 (1000 Rials)		
						P/E	P/H/E	Affordability	P/E	P/H/E	Affordability	P/E	P/H/E	Affordability
Low Income	47.1	<120	8.6	229.5	49.1	17.5	67.9	-	7.6	29.7	-	18.3	71.2	-
		120-240	7.0	328.2	84.5	12.2	47.5	-	5.3	20.7	+	12.8	49.8	-
		240-360	9.5	398.9	102.2	10.1	39.3	-	4.4	17.2	+	10.6	41.2	-
		360-480	11.4	516.1	132.9	7.8	30.2	-	3.4	13.2	+	8.2	31.7	-
		480-600	12.6	570.9	147.0	7.0	27.3	-	3.1	11.9	+	7.4	28.8	-
Middle Income	39.0	600-900	25.0	836.1	215.3	4.8	18.6	+	2.1	8.1	+	5.0	19.8	+
		900-1200	14.0	1204.7	310.2	3.3	12.9	+	1.5	5.6	+	3.5	13.8	+
		1200-1800	10.2	1617.5	418.5	2.5	9.8	+	1.1	4.2	+	2.6	10.1	+
High Income	13.9	1800-2400	2.4	2139.0	550.8	1.9	7.3	+	0.8	3.2	+	2.0	7.6	+
		>2400	1.3	2604.7	670.7	1.5	6.0	+	0.7	2.6	+	1.6	6.3	+
Average	100.0	709.6	100.0	883.5	227.5	4.5	17.6	+	2.0	7.7	+	4.8	18.5	+

Source : 1) Statistics Centre of Iran, Annual Income and expenditure of urban households in 1982.

2) Data presented in table No. 43.

According to table number 46 the average price of all housing units that were built in the urban areas of Iran in 1982¹¹ was 4013 thousand Rials. This was affordable to income groups 6-10 or the middle and high income groups which comprised about 53 percent of the urban households. The average price of housing units built on ULO allocated land, on the other hand, was about 1754 thousand Rials. This was affordable to income groups 2-10 with income group 1 being just left out of the affordability criteria. The average price of housing units built on privately owned land, however, was 4211 which gave a similar affordability pattern as the average price of all the housing units. The gap between the affordability of housing units built on ULO allocated land and privately owned land in this year is about 40 percent of the households.

Table 47 : The level of affordability of the cost of housing units for the different income groups in the urban areas of Iran, based on the comparison of the total average price of housing units and the average price of housing units which were constructed on ULO allocated and privately owned lands with the annual expenditure and housing expenditure of different income groups in 1983.

Income Groups	%	Income (1 000 Rials)	%	Expenditure (1 000 Rials)	Housing Expenditure (1 000 Rials)	Average price of housing units P = 5546.3 (1 000 Rials)			Average price of ULO housing units P = 2273.0 (1 000 Rials)			Average price of privately owned units P = 6755.0 (1 000 Rials)		
						P/E	P/H/E	Affordability	P/E	P/H/E	Affordability	P/E	P/H/E	Affordability
Low Income	38.6	<120	6.3	354.5	77.7	15.9	72.7	-	6.4	31.3	-	19.1	86.9	-
		120-240	5.9	396.5	98.4	14.2	57.4	-	5.7	23.1	+	17.0	68.6	-
		240-360	7.3	543.7	120.0	10.4	47.0	-	4.2	18.9	+	12.4	56.3	-
		360-480	8.6	628.3	141.1	9.0	40.0	-	3.6	16.1	+	10.7	47.9	-
Middle Income	39.7	480-600	10.5	754.8	176.1	7.5	32.1	-	3.0	12.9	+	8.9	38.4	-
		600-900	23.6	949.4	228.8	5.9	24.7	+	2.4	9.9	+	7.1	29.5	-
		900-1200	16.1	1242.5	329.8	4.5	17.1	+	1.8	6.9	+	5.4	20.5	+
High Income	20.7	1200-1800	14.2	1646.8	433.6	3.4	13.0	+	1.4	5.2	+	4.1	15.6	+
		1800-2400	4.2	2257.9	604.6	2.5	9.3	+	1.0	3.8	+	3.0	11.2	+
		>2400	2.3	3147.6	803.2	1.8	7.0	+	0.7	2.8	+	2.1	8.4	+
Average	100.0	709.6	100.0	1113.1	281.6	5.1	20.0	+	2.0	8.1	+	6.1	24.0	+

Source : 1) Statistics Centre of Iran, Annual income and expenditure of urban households in 1983.

2) Data presented in table No. 43.

Table 47 shows that in 1983 the average price of all housing units that were built in the urban areas of Iran was 5646 thousand Rials. This was affordable only for income groups 6-10 or the middle and high income groups which comprised about 60 percent of households in urban areas of the country.

The average price of housing units built on ULO allocated land, moreover, was 2273 thousand Rials. This was fully affordable to income groups 2-10.

The average price of housing units built on privately owned land, on the other hand, was 6755 thousand Rials. This made such housing units affordable only to income groups 7-10 which comprised about 37 percent of the households. It can be seen that in 1983 the lower section of the middle income groups can not afford houses built on privately owned land either. Unlike the previous years this has created a large disparity of about 23 percent of households between the full affordability pattern of the average price of all housing units and those built on privately owned land. The same gap between the affordability of ULO and private housing units is about 57 percent of the households.

Table 48 : The level of affordability of the cost of housing units for the different income groups in the urban areas of Iran, based on the comparison of the total average price of housing units and the average price of housing units which were constructed on ULO allocated and privately owned lands with the annual expenditure and housing expenditure of different income groups in 1984.

Income Groups	%	Income (1 000 Rials)	%	Expenditure (1 000 Rials)	Housing Expenditure (1 000 Rials)	Average price of housing units P = 7003.9 (1 000 Rials)			Average price of ULO housing units P = 2463.7 (1 000 Rials)			Average price of privately owned units P = 10596.6 (1 000 Rials)		
						P/E	P/H/E	Affordability	P/E	P/H/E	Affordability	P/E	P/H/E	Affordability
Low Income	33.3	<120	5.5	413.4	98.0	16.9	71.5	-	6.0	25.1	+	25.6	106.1	-
		120-240	5.0	512.8	119.2	13.7	58.8	-	4.8	20.7	+	20.7	88.9	-
		240-360	5.9	545.7	134.5	12.8	52.1	-	4.5	18.3	+	19.4	78.8	-
		360-480	7.8	671.6	158.9	10.4	44.1	-	3.7	15.5	+	15.8	66.7	-
		480-600	9.1	772.0	178.5	9.1	39.2	-	3.2	13.8	+	13.7	59.4	-
Middle Income	40.8	600-900	22.9	975.9	245.3	7.2	28.5	-	2.5	10.0	+	10.9	43.2	-
		900-1200	17.9	1296.6	340.2	5.4	20.8	+	1.9	7.2	+	8.2	31.1	-
		1200-1800	16.7	1618.3	465.3	4.3	15.0	+	1.5	5.3	+	6.6	22.8	-
High Income	25.9	1800-2400	5.7	2303.2	642.9	3.0	10.9	+	1.1	3.8	+	4.6	13.5	+
		>2400	3.5	3103.4	785.1	2.3	8.9	+	0.8	3.1	+	3.4	13.5	+
Average	100.0	709.6	100.0	1240.5	327.7	5.6	21.4	+	2.0	7.5	+	8.5	32.3	-

Source : 1) Statistics Centre of Iran, Annual income and expenditure of urban households in 1984.

2) Data presented in table No. 43.

Table 48 is representative of the annual expenditure, housing expenditure and the housing affordability pattern of different income groups in 1984. This table shows that in 1984 the average price of all housing units that were built in the urban areas of the country was about 7,004 thousand Rials. This was affordable to income groups 7-10 which comprised about 44 percent of the middle and high income households. It should be noted that in comparison to the previous year the lower section of the middle income groups, i.e., group 6, is now also outside the affordability boundary of this average price.

The average price of housing units built on ULO allocated land, on the other hand, was about 2,464 thousand Rials which was affordable to all categories of households. The average price of housing units built on privately owned land, furthermore, was 10,596 thousand Rials. This price puts these housing units completely outside the affordability reach of the middle income groups in such a way that it was affordable only to income groups 9 and 10 which are the highest sectors of the high income groups and comprise about 9 percent of the urban households. Consequently, it can be seen that the gap between the full affordability of the average price of all the housing units and those built on privately owned land has now increased to about 35 percent of households. The same gap between ULO housing and privately owned housing now increased to about 91 percent of the households.

Table 49 : The level of affordability of the cost of housing units for the different income groups in the urban areas of Iran, based on the comparison of the total average price of housing units, average price of housing units which were constructed on U.O allocated and privately owned lands with the annual expenditure and housing expenditure of different income groups in 1985.

Income Groups	%	Income (1 000 Rials)	%	Expenditure (1 000 Rials)	Housing Expenditure (1 000 Rials)	Average price of housing units P = 7287.1 (1 000 Rials)			Average price of U.O housing units P = 2629.9 (1 000 Rials)			Average price of privately owned units P = 10433.4 (1 000 Rials)		
						P/E	P/H/E	Affordability	P/E	P/H/E	Affordability	P/E	P/H/E	Affordability
Low Income	32.1	<120	4.8	500.8	133.5	14.5	54.4	-	5.2	19.7	+	20.8	78.1	-
		120-240	4.7	457.3	121.9	15.9	59.6	-	5.7	21.6	+	22.8	85.6	-
		240-360	6.3	564.2	150.4	12.9	48.3	-	4.7	17.5	+	18.5	69.4	-
		360-480	7.8	586.7	156.4	12.4	46.5	-	4.5	16.8	+	17.8	66.7	-
		480-600	8.5	717.3	191.2	10.1	38.0	-	3.7	13.7	+	14.5	54.6	-
Middle Income	40.7	600-900	23.0	903.7	240.9	8.0	30.2	-	2.9	10.9	+	11.5	43.3	-
		900-1200	17.7	1277.4	340.5	5.7	21.3	+	2.1	7.7	+	8.2	30.6	-
		1200-1800	17.6	1796.4	478.2	4.1	15.3	+	1.5	5.6	+	5.8	21.9	+
High Income	27.2	1800-2400	5.9	2362.3	629.7	3.1	11.5	+	1.1	4.2	+	4.4	16.6	+
		>2400	3.7	3377.1	900.2	2.1	8.1	+	0.8	2.9	+	3.1	11.6	+
Average	100.0	709.6	100.0	1280.0	341.2	5.7	21.3	+	2.0	7.7	+	8.1	30.6	-

Source : 1) Statistics Centre of Iran, Annual Income and expenditure of urban households in 1985.

2) Data presented in table No. 43.

According to table number 49 the average price of all housing units that were built in the urban areas of Iran in 1985 was 7,267 thousand Rials. This price was only affordable to income groups 7-10 which comprised about 45 percent of the middle and high income households. The average price of housing units built on ULO allocated land, on the other hand, was about 2630 thousand Rials. This was fully affordable to all income groups or 100 percent of the households. The average price of houses built on privately owned land, however, was 10,433 thousand Rials, which shows a slight reduction in comparison to the previous year. This price was fully affordable to income groups 7-10 or about 27 percent of the urban households. The disparity between the affordability pattern of the price of houses built on privately owned land and average price of all the housing units in 1985 was about 18 percent of the households which was about half of the difference in the previous year and indicative of the reduction in the price of these houses. The same difference between the houses built on ULO allocated land and privately owned land was about 73 percent of the households, which is again much lower than the previous year.

Table 50 : The level of affordability of the cost of housing units for the different income groups in the urban areas of Iran, based on the comparison of the total average price of housing units and the average price of housing units which were constructed on ULO allocated and privately owned lands with the annual expenditure and housing expenditure of different income groups in 1988.

Income Groups	%	Income (1 000 Rials)	%	Expenditure (1 000 Rials)	Housing Expenditure (1 000 Rials)	Average price of housing units P = 8474.1 (1 000 Rials)			Average price of ULO housing units P = 2855.2 (1 000 Rials)			Average price of privately owned units P = 13415.2 (1 000 Rials)		
						P/E	P/H/E	Affordability	P/E	P/H/E	Affordability	P/E	P/H/E	Affordability
Low Income	23.5	<120	3.1	385.6	111.2	22.0	76.2	-	7.4	25.7	-	34.8	120.6	-
		120-240	3.2	379.6	123.3	22.3	68.7	-	7.5	23.2	-	35.3	108.8	-
		240-360	3.7	540.9	186.1	15.7	51.0	-	5.3	17.2	+	24.8	80.8	-
		360-480	6.1	612.2	183.9	13.8	46.1	-	4.7	15.5	+	21.9	72.9	-
		480-600	7.4	737.4	195.8	11.5	43.3	-	3.9	14.6	+	18.2	68.5	-
Middle Income	40.9	600-900	20.9	954.7	289.4	8.9	31.5	-	3.0	10.6	+	14.0	49.8	-
		900-1200	20.0	1287.8	346.8	6.7	24.4	-	2.2	8.2	+	10.6	29.1	-
High Income	35.6	1200-1800	21.9	1844.6	461.7	5.2	18.3	+	1.7	6.2	+	8.2	29.1	-
		1800-2400	8.3	2290.5	631.7	3.7	13.4	+	1.2	4.5	+	5.9	21.2	+
		>2400	5.4	3243.5	849.3	2.6	10.0	+	0.9	3.4	+	4.1	15.8	+
Average	100.0	1126.6	100.0	1314.6	364.3	6.4	23.3	+	2.2	7.8	+	10.2	36.8	-

Source : 1) Statistics Centre of Iran, Annual Income and expenditure of urban households in 1988.

2) Data presented in table No. 43.

Table 50 shows that the average price of all houses built in 1986 is about 8,474 thousand Rials. This is fully affordable to income groups 8-10 which comprised about 36 percent of the urban households in that year. The average price of housing units built on ULO allocated land was 2,855 thousand Rials which was affordable to households in income groups 3-10. Finally, the average price of houses built on privately owned land was 13,415 thousand Rials. This was only affordable to income groups 9 and 10 which comprised about 14 percent of the urban households. These figures show that the disparity between the affordability pattern of the average price of all houses and those built on privately owned in 1986 was 22 percent of the households which was 5 percent higher than the previous year. The same difference between houses built on privately owned land and ULO allocated land was about 80 percent which is also 7 percent higher than the previous year and indicative of the higher relative increase in the prices of houses built on privately owned land.

Table 51 : The level of affordability of the cost of housing units for the different income groups in the urban areas of Iran, based on the comparison of the total average price of housing units and the average price of housing units which were constructed on ULO allocated and privately owned lands with the annual expenditure and housing expenditure of different income groups in 1987.

Income Groups	%	Income (1000 Rials)	%	Expenditure (1000 Rials)	Housing Expenditure (1000 Rials)	Average price of housing units P = 9380.8 (1000 Rials)			Average price of ULO housing units P = 3186.9 (1000 Rials)			Average price of privately owned units P = 15288.5 (1000 Rials)		
						P/E	P/H/E	Affordability	P/E	P/H/E	Affordability	P/E	P/H/E	Affordability
Low Income	24.1	<120	4.1	716.9	152.9	13.1	61.3	-	4.4	20.8	+	21.3	98.9	-
		120-240	3.2	605.1	170.7	15.5	55.0	-	5.3	18.7	+	25.2	89.4	-
		240-360	4.2	702.0	177.9	13.4	52.7	-	4.5	17.9	+	21.8	85.8	-
		360-480	5.4	798.8	188.2	11.9	49.8	-	4.0	16.9	+	19.4	81.1	-
		480-600	7.2	890.7	218.4	10.5	43.0	-	3.6	14.6	+	17.1	69.9	-
Middle Income	39.6	600-900	20.6	1086.4	253.1	8.6	37.1	-	2.9	12.6	+	140.0	60.3	-
		900-1200	19.0	1316.7	362.3	7.1	25.9	-	2.4	8.8	+	11.6	42.1	-
High Income	36.2	1200-1800	21.2	1885.8	476.7	5.0	19.7	+	1.7	6.7	+	8.1	32.0	-
		1800-2400	8.7	2405.0	614.0	3.9	15.3	+	1.3	5.2	+	6.3	24.9	-
		>2400	6.3	3493.7	844.9	2.7	11.1	+	0.9	3.8	+	4.4	18.1	+
Average	100.0	1126.6	100.0	1488.8	374.2	6.3	25.1	-	2.1	8.5	+	10.3	40.8	-

Source : 1) Statistics Centre of Iran, Annual Income and expenditure of urban households in 1987.

2) Data presented in table No. 43.

According to table 51 the average price of all houses built in the urban areas of the country in 1987 was about 9,381 thousand Rials. This price was affordable to households in the income groups 8-10 which also comprised about 36 percent of urban households in that year. At the same time the average price of houses built on ULO allocated land was about 3,187 thousand Rials. This was affordable to all income groups in the urban areas of the country. The average price of houses built on privately owned land, on the other hand, was about 15,269 thousand Rials. This price was only fully affordable to income group 10 which comprised about 6 percent of the households. These figures show that the difference between the affordability pattern of the average price of all housing units and those built on privately owned land was about 30 percent of households in 1987 which is an increase of 8 percent in comparison to the previous year. The same difference between the affordability of the price of houses built on ULO allocated land and privately owned land in 1987 is about 94 percent of the households which is the highest difference so far.

Table 52 : The level of affordability of the cost of housing units for the different income groups in the urban areas of Iran, based on the comparison of the total average price of housing units and the average price of housing units which were constructed on ULO allocated and privately owned lands with the annual expenditure and housing expenditure of different income groups in 1988.

Income Groups	%	Income (1000 Rials)	%	Expenditure (1000 Rials)	Housing Expenditure (1000 Rials)	Average price of housing units P = 11394.2 (1000 Rials)			Average price of ULO housing units P = 3912.4 (1000 Rials)			Average price of privately owned units P = 18396 (1000 Rials)		
						P/E	P/H/E	Affordability	P/E	P/H/E	Affordability	P/E	P/H/E	Affordability
Low Income	19.2	<120	2.9	814.6	194.8	14.0	58.5	-	4.8	20.1	+	22.5	94.3	-
		120-240	2.3	756.3	175.4	15.1	65.0	-	5.2	22.3	+	24.3	104.7	-
		240-360	3.5	771.1	197.3	14.8	57.7	-	5.1	19.8	+	23.8	83.1	-
		360-480	4.6	928.4	201.7	12.3	65.5	-	4.2	19.4	+	19.8	91.1	-
		480-600	5.9	1004.6	222.3	11.3	51.3	-	3.9	17.6	+	18.3	82.6	-
Middle Income	36.1	600-900	18.3	1233.5	280.2	9.2	40.7	-	3.2	14.0	+	14.9	65.6	-
		900-1200	16.8	1594.3	362.7	7.3	31.4	-	2.5	10.8	+	11.7	50.6	-
		1200-1800	25.1	1989.1	502.9	6.7	22.7	+	2.0	7.8	+	9.2	36.5	-
High Income	45.7	1800-2400	11.6	2518.4	664.1	4.5	17.2	+	1.6	5.9	+	7.3	27.7	-
		>2400	9.0	2731.7	934.7	4.2	12.2	+	1.4	4.2	+	6.7	19.6	+
Average	100.0	1126.6	100.0	1800.0	442.6	6.3	25.7	-	2.2	8.8	+	10.2	41.5	-

Source : 1) Statistics Centre of Iran, Annual income and expenditure of urban households in 1988.

2) Data presented in table No. 43.

Finally, table 52 shows that the average price of all housing units built in the urban areas of the country in 1988 was about 11,394 thousand Rials. This was affordable to income groups 8-10 which comprised about 46 percent of the households in that year. The average price of houses built on ULO allocated land, on the other hand, was 3,912 thousand Rials which was again affordable to all income groups. The average price of houses built on privately owned land, moreover, was 18,369 thousand Rials. Table 52 shows that this price was in fact just affordable to households of income group 10 which comprised about 9 percent of urban households in 1988. In other words only the higher fractions of income group 10 could perhaps afford to buy such housing units. These figures are indicative of a large increase in the price of houses built on privately owned land. Indeed the disparity between the full affordability pattern of the price of all housing units and those built on privately owned land is about 46 percent. This is 16 percent higher than the previous year and the largest difference for the whole period. In the same manner the difference between the affordability of the price of houses built on ULO allocated land and privately owned land is well over 90 percent of the urban households.

The difference between the affordability of the average price of housing units built on ULO allocated, privately owned and total average land for the whole 9 year period between 1979-1988 can be seen better if they are shown together in one table. This is shown in table number 53.

Table 53 : The comparison between the level of affordability of the cost of housing units constructed on ULO allocated and privately owned land and their average for different income groups in the urban areas of Iran during the period of 1979 to 1988.

Income Groups	Income Categories	Average price of housing units										Average price of ULO housing units										Average price of privately owned units									
		1979	1980	1982	1983	1984	1985	1986	1987	1988	1979	1980	1982	1983	1984	1985	1986	1987	1988	1979	1980	1982	1983	1984	1985	1986	1987	1988			
Low Income	1	-	-	-	-	-	-	-	-	-	+	+	-	+	+	+	+	+	+	-	-	-	-	-	-	-	-	-			
	2	-	-	-	-	-	-	-	-	-	+	+	+	+	+	+	+	+	+	-	-	-	-	-	-	-	-	-			
	3	-	-	-	-	-	-	-	-	-	+	+	+	+	+	+	+	+	+	-	-	-	-	-	-	-	-	-			
	4	-	-	-	-	-	-	-	-	-	+	+	+	+	+	+	+	+	+	-	-	-	-	-	-	-	-	-			
	5	-	-	-	-	-	-	-	-	-	+	+	+	+	+	+	+	+	+	-	-	-	-	-	-	-	-	-			
Middle Income	6	-	-	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	-	-	-	-	-	-	-	-	-			
	7	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+			
High Income	8	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+			
	9	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+			
	10	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+			
Average		+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+			

Source : Data presented in tables 44 to 52

Table 53 is the summary of tables 44 to 52 and shows that the average price of housing units built on ULO allocated land is more or less affordable to all income groups all through the period of study. On the other hand housing units built on privately owned land was not affordable to the low income groups at any time between 1979 to 1988. Furthermore, while it was affordable for the higher middle and high income groups in the beginning of the studied period, it was becoming affordable only to the higher income groups from 1984 onwards. Indeed, by 1987 only the highest income category in the country could afford such housing units. Finally, while the average price of housing units, i.e., the mean of ULO + Privately owned housing units, built in the urban areas of the country was also not affordable to the low income groups during the studied period it was more affordable for the middle and higher income groups than the units built on privately owned plots.

11.4. The Price And Affordability Of Housing Units Which Were Constructed On Different Categories Of Land For The Various Income Groups On The Basis Of Different Floor Areas.

The previous sub chapter has shown that the price of housing units built on ULO allocated land was in the main affordable to the low and middle income groups all through the period of analysis while houses built on privately owned land could only be afforded by the middle income and higher income groups and in the latter years period only by the highest income groups. This analysis, however, was on the basis of the assumption that the floor area of housing units built on the ULO allocated land was kept to the standard set by the MHUD which was 75 square metre. It may be argued, however, that it is quite possible that this standard was not observed and houses with higher floor areas were built on ULO allocated land. This is particularly important since in this work the area of houses built on privately owned land has been calculated on the assumption of the area of houses built on ULO allocated land. Consequently, the question arises as to the affordability of houses with other floor areas which may have been built on ULO allocated and privately owned lands. This sub chapter makes an endeavour to answer this question.

In this regard the chapter will examine the price and affordability of housing units on the basis of three different floor area for housing units built on ULO allocated land. These floor areas are 50 and 100 square metres and the actual average floor area of housing units that were built in the country and which were presented in tables 39 and 40. It should be noted that

on the basis of each assumption for the floor area of housing units on ULO allocated land an analysis of the floor area and price and affordability of housing units built on privately owned land is also provided at the same time. However, in order to provide a further measure of control of the affordability of housing units built on ULO allocated land a separate analysis of the price and affordability of housing units built on privately owned land on the basis of three floor areas of 50, 75 and 100 square metres will also be provided in this sub chapter. Finally, it should be stated that the criteria for the affordability of these housing units remains the same as that which was described at the beginning of sub chapter 11.3 and the cost of construction of housing units built on both ULO allocated and privately owned lands is assumed to be the same.

Tables 54 and 55 will now respectively show the price and the affordability of housing units built on ULO allocated and privately owned lands on the basis of a floor area of 50 square metre for houses built on ULO allocated land.

Table 54 : The comparison between the price of housing units on ULO allocated and privately owned lands on the basis of 50 square metre floor area for the units on ULO allocated lands during the period 1979 to 1988.

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Average area of units										
Total	133	137	132	133	137	140	146	162	154	162
ULO	50	50	50	50	50	50	50	50	50	50
Private	134	142	150	140	157	212	213	261	260	267
Average price of units										
Total	2206.7	2544.3	3064.6	4012.7	5646.3	7003.9	7267.1	8474.1	9380.8	11394.2
ULO	698.9	880	1048.3	1228.2	1596.5	1720	1863.8	2004.3	2219	2768.6
Private	2211	2590.8	3513	4253	6971.5	11191.6	10985	14164	16159	19467.3

Source : Data presented in tables 33, 38 and 40.
+ prices are at current value.

Table 55 : The comparison between the level of affordability of the cost of housing units for different income groups in the urban areas of Iran based on 50 square metres floor area for units on U.O allocated land during the period 1979 to 1988.

Income Groups	Income Categories	Average price of housing units										Average price of ULO housing units										Average price of privately owned units									
		1979	1980	1982	1983	1984	1985	1986	1987	1988	1979	1980	1982	1983	1984	1985	1986	1987	1988	1979	1980	1982	1983	1984	1985	1986	1987	1988			
Low Income	1	-	-	-	-	-	-	-	-	-	+	+	+	+	+	+	+	+	+	-	-	-	-	-	-	-	-	-			
	2	-	-	-	-	-	-	-	-	-	+	+	+	+	+	+	+	+	+	-	-	-	-	-	-	-	-	-			
	3	-	-	-	-	-	-	-	-	-	+	+	+	+	+	+	+	+	+	-	-	-	-	-	-	-	-	-			
	4	-	-	-	-	-	-	-	-	-	+	+	+	+	+	+	+	+	+	-	-	-	-	-	-	-	-	-			
	5	-	-	-	-	-	-	-	-	-	+	+	+	+	+	+	+	+	+	-	-	-	-	-	-	-	-	-			
Middle Income	6	-	-	+	+	-	-	-	-	-	+	+	+	+	+	+	+	+	+	-	-	-	-	-	-	-	-	-			
	7	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	-	-	+	+	-	-	-	-	-			
High Income	8	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+			
	9	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+			
Average	10	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+			
		+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+			

Source : Data presented in table 54.

Table 54 shows that if the average floor area of housing units built on ULO allocated land is assumed to be 50 square metres then the average floor area of houses built on privately owned land for the period 1979 to 1988 would range from 134 to 267 square metres. Accordingly, the average price of houses built on ULO allocated land would range from 699 to 2,767 thousand Rials. Similarly, the average price of houses built on privately owned land would range from 2,211 to 19,467 thousand Rials. The average of these two or the average total price would range from 2,207 to 11,394 thousand Rials which is the same as that in table 39 and the analysis of sub chapter 11.3.

As may be expected table 5 shows that with the above mentioned prices the houses built on ULO allocated land would be affordable to all sections of all the different income groups during all the years of the studied period. The effect of the change in floor area on houses built on privately owned land, however, is such that such houses become less affordable to even the higher income groups during the latter years of the period 1979 to 1988. This is to the extent that in 1988 only the highest fractions of income group 10, i.e., the highest income groups, could afford such housing.

Tables 56 and 57, on the other hand, respectively show the change in prices and affordability of houses if the average floor area of houses on ULO allocated land is increased to 100 square metres.

Table 56 : The comparison between the price of housing units on ULO allocated and privately owned lands on the basis of 100 square metre floor area for the units on ULO allocated lands during the period 1979 to 1988.

		1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Average area of units	Total	133	137	132	133	137	140	146	162	154	162
	ULO	100	100	100	100	100	100	100	100	100	100
	Private	134	139	139	135	141	172	178	217	213	220
Average price of units	Total	2206.7	2544.3	3064.6	4012.7	5846.3	7003.9	7267.1	8474.1	9380.8	11394.2
	ULO	1283.1	1557.3	1900.8	2279.3	2949.5	3207.5	3396.1	3706.2	4154.9	5056.2
	Private	2211	2592.8	3325.4	4147.9	6538.5	10001.6	9912.4	12666.3	14339.2	17316.9

Source : Data presented in tables 33, 38 and 40.
+ Prices are at current value.

Table 57 : The comparison between the level of affordability of the cost of housing units for different income groups in the urban areas of Iran based on 100 square metres floor area for units on ULO allocated land during the period 1979 to 1988.

Income Groups	Income Categories	Average price of housing units										Average price of ULO housing units										Average price of privately owned units									
		1979	1980	1982	1983	1984	1985	1986	1987	1988	1979	1980	1982	1983	1984	1985	1986	1987	1988	1979	1980	1982	1983	1984	1985	1986	1987	1988			
Low Income	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
	3	-	-	-	-	-	-	-	-	-	-	+	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
	4	-	-	-	-	-	-	-	-	-	-	+	+	-	-	-	-	-	-	-	-	-	-	-	-	-					
	5	-	-	-	-	-	-	-	-	-	-	-	+	+	-	+	+	+	-	-	-	-	-	-	-	-					
Middle Income	6	-	-	+	+	-	-	-	-	-	+	+	+	+	+	+	+	+	+	-	-	-	-	-	-	-					
	7	+	+	+	+	+	+	-	-	-	+	+	+	+	+	+	+	+	+	-	-	-	-	-	-	-					
High Income	8	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	-					
	9	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	-					
Average	10	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+					
		+	+	+	+	+	+	+	-	-	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	-					

Source : Data presented in table 56.

Table 56 shows that if the average floor area of houses built on ULO allocated land is increased to 100 square metres the range of the average floor area of houses on privately owned land would decrease to between 134 and 220 square metres between 1979 and 1988. Accordingly, the range of the average price of houses on ULO allocated land would increase to between 1,283 and 5,056 thousand Rials and the range of the average price of houses on privately owned land would decrease to between 2,211 and 17,317 thousand Rials during the same period. The average of these two or the total average price remains the same as before.

Table 57, on the other hand, shows that with these prices houses built on ULO allocated land would become less affordable to the lower income groups all through the period of 1979 to 1988. Accordingly, during 1979 and 1980 the houses would only be affordable to middle and high income groups which comprise income categories 6-10. During 1982 and 1983 the change in affordability is much less in comparison to the two previous floor areas and only income categories 1 and 2 or the lowest factions of the low income groups would be excluded while the remainder could afford the houses. During 1984 another faction of the low income groups or income category 3 would also be excluded from the affordability of the houses on ULO allocated land. Finally, during the remaining four years income categories 1-4 would be excluded from these houses while income categories 5-10 which includes the highest faction of the low income groups could afford such houses. The affordability of houses built on privately owned land, however, would be the same as that described in sub chapter 11.3

when the floor area of houses on ULO allocated land was assumed to be 75 square metres. As a result it can be concluded that while a change in the floor area of houses on ULO allocated land to 100 square metres would reduce the affordability of these houses to the low income groups they would still be much more affordable to the middle and low income groups than houses built on privately owned land. This is particularly the case from 1982 onwards when on a year to year basis the former types of houses would still be affordable to at least some of the low income groups while the latter type of houses gradually even become unaffordable to all the middle and some of the high income groups.

In any case, as a further measure of control tables 58 and 59 show the price and affordability of houses on ULO allocated and privately owned land assuming that the actual average floor area of housing units which were constructed during the period 1979 to 1988 is built on both categories of land.

Table 58 : The comparison between the price of housing units on ULO allocated and privately owned lands on the basis of the actual average floor area of housing units in the urban areas of the country during the period 1979 to 1988, i.e., a range of between 132 to 162 square metres, for the units on ULO allocated lands during the stated period.

		1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Average area of units	Total	133	137	132	133	137	140	146	162	154	162
	ULO	133	137	132	133	137	140	146	162	154	162
	Private	133	137	132	133	137	140	146	162	154	162
Average price of units	Total	2206.7	2544.3	3064.6	4012.7	5646.3	7003.9	7267.1	8474.1	9380.8	11394.2
	ULO	1674.9	2061.1	2443	2967.4	3782.1	4407.6	4819.8	5828.1	6401.4	7889
	Private	2205.5	2568.3	3202.7	4100.2	6261.7	9059.7	8945.6	10805.8	12210.6	14659.5

Source : Data presented in tables 33, 38 and 40.

+ Prices are at current value.

Table 58 : The comparison between the level of affordability of the cost of housing units for different income groups in the urban areas of Iran based on the actual average floor area of housing units in the urban areas of the country during the period 1979 to 1988, i.e., a range of 132 to 162 square metres, for the units on U.O allocated land during the stated period.

Income Groups	Income Categories	Average price of housing units										Average price of U.O housing units										Average price of privately owned units									
		1979	1980	1982	1983	1984	1985	1986	1987	1988	1979	1980	1982	1983	1984	1985	1986	1987	1988	1979	1980	1982	1983	1984	1985	1986	1987	1988			
Low Income	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
	4	-	-	-	-	-	-	-	-	-	-	+	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Middle Income	5	-	-	-	-	-	-	-	-	-	-	+	-	-	-	-	-	-	-	-	-	+	-	-	-	-	-	-			
	6	-	-	+	+	-	-	-	-	-	+	+	+	+	+	-	-	-	-	-	-	+	-	-	-	-	-	-			
	7	+	+	+	+	+	+	-	-	-	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	-			
	8	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	-			
High Income	9	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	-			
	10	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+			
Average		+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	-			

Source : Data presented in table 58.

Table 58 shows that if the actual average floor area of houses that were built in the urban areas of Iran during the period 1979 to 1988, which range between 132 to 162 square metres for the period, is applied to both categories of land then the range of the average price of houses on ULO allocated land would increase to between 1,675 and 7,889 thousand Rials in comparison to the average price of the previous lower floor areas. At the same time the range of the average price of houses on privately owned land would decrease to between 2,206 and 14,660 thousand Rials. It is obvious that the average of the two remains the same as before.

Table 59 shows that such an increase in the floor area of houses built on ULO allocated land would decrease the affordability of the low income groups fairly drastically. This is to such an extent that during the stated period it is only in 1982 that income categories 4 and 5 of the low income groups could afford such houses. For the remainder of the period all the low income groups would be excluded from these houses. Furthermore, during the latter three years of the period even income category 6 of the middle income groups would also be excluded from affording these houses.

The change in the affordability of houses built on privately owned land, however, is very slight. Indeed, it is only during 1982, 1984 and 1987 that one more income category is added to those who could afford these houses in the analysis of sub chapter 11.3 when the floor area of houses on ULO allocated land was assumed to be 75 square metres. Accordingly, during 1982 income category

5 or the highest faction of the low income groups, during 1984 income category 8 or the lowest faction of the high income groups, and during 1987 income group 9 or the middle faction of the high income groups is added to those who could afford such houses.

A comparison between the affordability of houses built on the two categories of land, however, shows that on a year to year basis houses built on ULO allocated land are still more affordable to the middle and low income groups than houses built of privately owned land. This is particularly the case during the latter three years of the period when houses on ULO allocated land were still affordable to income category 7 of the middle income groups while houses on privately owned land were not affordable even for income category 8 and in 1988 also income category 9 of the high income groups. This difference in affordability is clearly due to the difference in the effect of the price of land in the two situations since every thing else remains the same.

A final measure of control for the discussion in this chapter can be provided by ascertaining the price and affordability of houses built on privately owned land assuming that the floor area of such houses is reduced to 50, 75 and 100 square metres and then comparing these with the affordability of similar houses on ULO allocated land. Tables 60 and 61 show the related data on the price and affordability of such smaller houses on privately owned land.

Table 60 : The average price of housing units on privately owned land on the basis of 50, 75 and 100 square metre floor areas during the period 1979 to 1988.

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Area = 50 M2	1229.5	1387.2	1808	2361	4076.1	6372.1	5989.6	6982	8028.2	9539.1
Area = 75 M2	1521.6	1725.8	2204.2	2806.5	4752.6	7115.8	6755.7	7832.9	8996.1	10682.9
Area = 100 M2	1813.7	2064.5	2660.5	3412.1	5429.1	7859.6	7521.9	8683.9	9964.1	11826.7

Source : Data presented in tables 33, 38 and 40.

+ Prices are at current value.

Table 61 : The level of affordability of the cost of 50, 75 and 100 square metre housing units on privately owned land for different income groups in the urban areas of Iran during the period 1979 to 1988.

Income Groups	Income Categories	Floor area = 50 M2						Floor area = 75 M2						Floor area = 100 M2					
		1979	1980	1982	1983	1984	1985	1986	1987	1988	1979	1980	1982	1983	1984	1985	1986	1987	1988
Low Income	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2	-	-	+	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	3	-	-	+	-	-	-	-	-	-	-	-	+	-	-	-	-	-	-
	4	+	-	+	-	-	-	-	-	-	-	-	+	-	-	-	-	-	-
	5	+	+	+	+	-	-	-	-	-	-	-	+	+	+	+	+	+	+
Middle Income	6	+	+	+	+	+	-	-	-	-	+	+	+	+	+	+	+	+	+
	7	+	+	+	+	+	+	+	-	-	+	+	+	+	+	+	+	+	+
	8	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
High Income	9	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
	10	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
Average		+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+

Source : Data presented in table 60.

Table 60 shows that with an assumption of an average floor area of 50 square metres the average price of houses built on privately owned land would range between 1,230 to 9,539 thousand Rials during the period 1979 to 1988. If the average floor area, however, is changed to 75 square metres the average price of these houses would range between 1,522 to 10,683 thousand Rials during the same period. Finally, if the average floor area is increased to 100 square metres the corresponding range of average prices would be 1,814 to 11,826 thousand Rials.

Table 61, on the other hand, shows the affordability of these houses on the basis of the three given floor areas during the stated period.

This table shows that with the 50 square metre houses, in addition to the middle and high income groups, income categories 4 and 5 of the low income groups would also afford such houses in 1979. During 1980 and 1983, on the other hand, only income category 5 of the low income groups would afford such houses while in 1982 such affordability would be extended to income categories 2-5 of the low income groups. Between 1984 to 1986, however, all the low income groups and income category 6 of the middle income groups would be excluded from affording these houses and for the remaining two years, i.e., 1987 and 1988 even income category 7 would be excluded and only the high income groups could afford the houses. A comparison of this affordability pattern with table 55 shows that there is a stark contrast between the affordability of houses with the same floor area which

is built on ULO allocated land. Indeed, table 55 showed that with ULO land such houses were affordable to all income categories of all income groups during all the years of the stated period. Where as such houses on privately owned land is affordable to the low income groups only between 1979 to 1983 and even that is mostly for the higher categories of 4 and 5. Moreover, in the latter two years of the period even the middle income groups are excluded from affording such houses.

As far as houses with 75 square metres in floor area are concerned, however, table 61 shows that with the exception of 1979 and 1982 the all the income categories of the low income groups would have been excluded from affording such houses on privately owned land. In addition during 1984 and 1985 income category 6 and the remaining three years of the period income category 7 of the middle income groups would also be added to those who could not afford these houses. Again a comparison of this affordability pattern with table 53 shows a clear contrast between this pattern and that of similar houses built on ULO allocated land. Indeed, in the latter case such houses were affordable to all income categories of the low income groups, with the exception of 1980, 82, 83 and 86 when only income categories 1 and/or 2 were excluded from affording such houses.

Finally, table 61 shows that with the exception of 1982 all low income categories would not afford the 100 square metre houses on privately owned and even in 1982 only categories 4 and 5 could afford such housing. Moreover, income category 6 of the middle

income groups would only afford these houses during 1979, 82 and 83 and would be excluded for the remainder of the period while in 1984 and the latter three years of the period even income group 7 of the middle income groups would also be excluded from affording these housing units. A comparison with table 57 again shows a major difference between the affordability pattern of similar size houses on ULO allocated and privately owned land. Indeed the 100 square metre houses on ULO allocated land excluded the low income groups as a whole only during 1979 and 1980. For the remainder of the period either income categories 3 to 5 or at least income category 5 of the low income groups could afford such houses. Needless to say that both categories of the middle income groups could afford such houses all through the 10 year period of 1979 to 1988.

11.5. Conclusion.

This chapter has determined the average prices of housing units, built on ULO allocated and privately owned land and their average in the urban areas of Iran assuming that the price per square metre of houses on both categories of land has been the same. This information has then been used to determine the affordability of these prices for the different income categories of urban households in the country. These calculations and analyses have been carried out firstly on the basis of the MHUD recommended floor area for houses on ULO allocated land, i.e., 75 square metres, and then on the basis of several different scenarios of lower and higher floor areas for such houses which were 50 and 100 square metres and the actual average floor area of houses that were constructed in the urban areas of Iran during the period of 1979 to 1988. Moreover, as a final measure of control for the findings of the chapter the affordability of houses on privately owned with 50, 75 and 100 square metres was also determined and compared with the affordability of houses with the same sizes on ULO allocated land.

It has been shown that if the recommended floor area for houses on ULO allocated land had observed by the households then for nine years of the ten period of 1979-1988 for which data was available the average price of housing units built on ULO allocated land was consistently much cheaper and affordable to the lower and middle income groups than the average price of housing units built on privately owned land or the average price

of all housing units that were built in the urban areas of the country.

Indeed, all through the studied period the price of such housing units built on ULO allocated land was fully affordable to all income groups. The only exceptions being in 1980 when the price of housing units built on ULO allocated land was on the borderline of affordability for the four lowest income groups and 1982 and 1983 when the lowest income group or about 7 percent of urban households could not afford such housing units or were on the borderline of affordability respectively.

In comparison to this, given that the average floor area of housing units on ULO allocated land was kept to 75 square metres, then the price of housing units built on privately owned land was consistently in the main affordable only to the three highest income groups of the country who comprised between 14 percent to 55 percent of urban households depending on the year of analysis. Moreover, while during 1979, 82 and 83 some sections of the middle income groups could afford or were on the borderline affordability of these prices the examined data indicates that in the latter years of the period of analysis the price of housing units built on privately owned land were in fact becoming unaffordable even for the highest categories of the income groups as well. This is shown by the fact that during 1987 these prices were only fully affordable to income group 10 or the highest income group who comprised about 6 percent of households in that year and in 1988 even this group was only on the borderline of

affordability.

The average of houses built on these two categories of land, on the other hand, was consistently affordable to income groups 7-10 or the three highest income groups and either fully affordable or borderline affordability for income groups 5 and 6. The exception to this being in 1987 and 1988 when these prices were not affordable to the middle income groups of 5 and 6 respectively.

The analyses of this chapter clearly show that even if the recommended size of housing units on ULO allocated land was not observed such housing units would still be more affordable to the low and/or the middle income groups in comparison to houses built on privately owned land. This would be the case even if housing units on both categories of land were built according to the actual average floor area of built houses in the urban areas of the country.

More importantly for the low and middle income groups, however, is the fact that smaller housing units of 50, 75 and 100 square metres built on privately owned land would be much less affordable to these income groups in comparison to similar houses built on ULO allocated land. This is to such an extent that the 50 and 75 square metre houses on ULO allocated land would be affordable to practically all income categories of the low and middle income groups all through the 10 year period of study. This is while the 50 square metre houses on privately owned land

would in the main only be affordable to the income categories of 4 and 5 in the low income groups between 1979 to 1983 and exclude them for the remainder of the period. Similarly, it would partially or totally exclude the middle income groups from 1984 on wards.

A similar situation, but more severe, also exists with the 75 square metre houses. The comparison of the 100 square metre houses on the two categories of land, on the other hand, shows that such houses on ULO allocated land would be affordable to income categories 3-5 of the low income groups during 1982 and 1983, categories 4-5 in 1984 and category 5 for the remainder of the period. However, with the exception of 1982, these houses on privately owned land totally exclude the low income groups, partially exclude the middle income groups and from 1986 onwards even exclude categories 8 and 9 of the high income groups.

It can be concluded, therefore, that the result of the analyses of this chapter clearly support part B of the aforementioned hypothesis of this thesis in that the transformation of urban land ownership rights and ULO allocation of acquired land at low prices to eligible households after the 1979 revolution in Iran contributed to the provision of affordable housing units for low and middle income households on ULO allocated land.

NOTES AND REFERENCES

1. Central Bank of Iran, Annual Reports, 1979-1988, op cit.
2. Ibid.
3. Statistic Centre of Iran, 1980-1989.
4. Statistic centre of Iran, 1980-1982, op cit.
5. Ibid.
6. Ibid.
7. Ibid, 1983-1989.
8. Ibid.
9. Grantab, et al, 1988.
10. Rafiea, 1989.
11. It should be noted that data for 1981 was not available.

12. CONCLUSIONS AND RECOMMENDATIONS

12.1 OBJECTIVE AND HYPOTHESIS:

The main objective of this thesis has been to analyze the process and effectiveness of the implementation of the enacted laws on urban land in Iran after the 1979 revolution and ascertain their effects on the land and housing situation of the low and middle income groups in the country. In this regard the thesis has offered the following hypothesis:

The transformation of urban land ownership rights and government allocation of acquired land at low cost to eligible households after the 1979 revolution in Iran had the following results:

A- Reduction of the rate of increase of the cost of urban land.

B- Contribution to the provision of affordable housing units for low and middle income households.

The findings of the research enable the thesis to offer certain conclusions with regard to the stated hypothesis. These findings are the result of examining the stated aims of the enacted laws on public acquisition and allocation of urban land for achieving:

A - Greater efficiency: by

- 1) Regulating and arranging all affairs related to land.
- 2) Provision of land for housing and public facilities in urban

areas.

- 3) Increasing the supply of urban land for housing.
- 4) Establishing the means for better protection and exploitation of land in a more proper and extensive manner.
- 5) Curbing speculation on land as a commodity.
- 6) Adjusting and stabilising land prices.

B- Greater equity and social justice: by preparing the necessary basis for housing each individual to its need and with the priority of the low income families.

12.2 FINDINGS AND CONCLUSIONS:

A - The act examined in this research achieved greater efficiency in its stated domain by:

- 1) Taking control of regulation and arrangement of all affairs connected to urban land.

As noted in this work, the 1979 Abolition of Undeveloped Urban Land Ownership Law imposed a ceiling limit on the ownership of undeveloped urban land and acquired the excess land for the provision of housing and urban facilities.

The law granted the right of development of one plot of land up to a specified ceiling limit, for owners of such land on the condition that they, nor the immediate members of their family, did not own a suitable housing unit. The eligible land owners

were obliged to develop that plot of land in a specified period of time; otherwise their rights to the ownership of that plot would lapse.

In a major extension of these measures the 1982 and 1987 Urban Land Laws were subsequently enacted. These laws made amendments to the 1979 law with regard to the clearer definition of unutilized land whereby private ownership of such land was recognised but limits imposed on its sale or transfer so that it could only be sold to the state. According to provisions of these laws all urban land belonging to Ministries , Public Organisations, Army, Banks, Foundations and Revolutionary Organisations should be transferred to the Ministry of Housing and Urban Development.

A new organisation, called The Urban Land Organisation (UFO) , was established to regulate and arrange all affairs related to urban Land. It was responsible to administer the acquired land and prepare the infrastructure and sub-divide and arrange for its transfer to eligible applicants.

2) Provision of land for housing and public facilities in urban areas:

As a result of the implementation of three urban land laws the Iranian government acquired about 36,000 hectares of undeveloped urban land during the 10 year period of 1979 to 1988 in all urban areas of the country.

In the process of the implementation of the laws, the government identified about 16,829 hectares of land which were lying idle inside or around the cities as unutilized lands. The government acquired about 8,285 hectares of these lands during the 7 year period of 1982 to 1988.

As already stated about 36,000 hectares of undeveloped and 8,285 hectares of unutilized private urban lands which were in excess of the owners need were acquired by the government during the stated period of 1979 to 1988. Furthermore, an additional 41,272 hectares of land were also already owned by different public organisations and ministries. These were also transferred under the control of the Urban Land Organisation in the Ministry of Housing and Urban Development which was responsible for the ownership and allocation of acquired urban lands. Therefore, the total amount of land which was acquired by the Urban Land Organisation was about 85,557 hectares during the stated period.

Consequently it can be concluded that huge amount of land for housing and provision of public facilities in urban areas of Iran was provided during the 10 years period of 1979 to 1988.

3) Increasing the supply of urban land for housing:

Out of 85,557 hectares of acquired land, the government allocated about 14,103 hectares or 16.5 percent of the total figure for housing and provision of urban facilities during the above stated period. The total amount of allocation for the provision of

housing was 10,790 hectares or 77 percent of the allocated amount. Furthermore a total of 422,864 urban households benefited from this allocation. In this regard about 6,167 hectares or 57 percent of the housing land was allocated directly to 234,126 eligible individual households. Moreover, 3,063 hectares or 28 percent of the land allocated for housing was given to housing co-operatives which provided housing units for 130,695 households and 1,559 hectares or 15 percent of land allocated for housing was given to public or private land developers who provided cheap housing units for about 58,043 households by receiving cheap government land.

It has already been stated that out of the 14,103 hectares of allocated land only about 10,790 hectares were allocated for the provision of housing. The remaining land, i.e., 3,313 hectares or 23 percent of the allocated land was given for urban development and social infrastructure. These services included parks, schools, shopping centres and access roads. This allocation helped the beneficiaries of the programme to have better access to the necessary public services.

Although, the amount of allocated land during the period of 1972 to 1988 was about 16.5% of the total amount of the acquired land, but the area of the allocated lands by the government for housing law and middle income groups comprised 34 percent of the total area of all plots of the urban land on which construction was started by private sector during the stated period which is very high percentage.

Consequently, it can be concluded that the implementation of the urban land laws in Iran succeeded in increasing the supply of the urban land for housing the target groups i.e. low and lower middle income households.

On the other hand , 71,454 hectares or 83.5 percent of the lands which were acquired by the government would have been available for transfer in future. This huge amount of available land for future urban development and housing projects is 2.3 times of the total amount of residential lands which were started to be developed during the stated period which was about 31,658 hectares.

Therefore it can be concluded that large tracts of land was still available for allocation by the government for urban development and housing projects from 1988 on wards.

4) Establishment of better means for protection and exploitation of land to achieve higher social equality:

The comprehensiveness of the acquisition and allocation programme of urban land in Iran in the sense of the amount of allocated land, the housing allocation of which comprised some 34 percent of the total amount of land which has been used for housing construction in all urban areas of the country during the 10 year period of 1979 to 1988, the variety of uses of allocation where some 3,313 hectares were allocated to all types of urban services in addition to housing allocation, the openness of the

eligibility requirements of allocation to all landless households, the variety of the different agents of development and plot sizes and finally the extent of allocation in all urban centres in all the provinces of the country has been such that it has undoubtedly enabled a wide spectrum of landless households to benefit from the implementation of the programme.

It can be assumed that a large section of the beneficiary households would have included the low and lower middle income groups. This is based on the fact that the eligibility requirement of non-ownership of land or housing unit would automatically exclude all those groups who owned urban land and it is a reasonable assumption to state that most of these would be higher and middle income groups while, on the other hand, most landless households would be from the low and lower middle income groups of the society. Moreover, the fact that about 28 percent and 15 percent of the allocated land was respectively given to housing co-operatives and public and private developers is additionally reinforces the assumption that a large section of the low and lower middle income groups would have benefited from the programme. This is due to the fact that, on the one hand, such co-operatives were mainly comprised of factory workers and public employees who would fall within the low and lower middle income groups and on the other public and private developers were allocated land on the premise that some of their housing units must be allocated at set prices to eligible households who would be introduced by the Ministry of Housing and Urban Development itself.

Therefore It can be concluded that the means for better protection and exploitation of urban land in a more proper and extensive manner was established.

5) Curbing speculation on urban land as a commodity:

In any case one of the basic aims of the public acquisition and allocation of urban land in Iran was curbing excessive speculation on land as a commodity. As mentioned before, the owners of undeveloped and unutilized lands granted the right of development of land up to the previously stated ceiling limits and time. The excess undeveloped urban lands were not transferable in the private market. Therefore, the land owners were obliged to either develop their land or transfer it to the state. In addition all undeveloped and unutilized private urban lands which were in excess of the ceiling limit, i.e., a total of 44,285 hectares of land, were acquired by the state. These measures severely limited the legal channels for speculation on undeveloped and unutilized land as a commodity in the urban areas of Iran which reflected itself in the control of overall urban land price increases in the country.

6) Adjusting and stabilising urban land prices:

The total amount of land which was developed for housing by the private sector in the urban areas of the country during the 10 year period of 1979 to 1988 was 31,658 hectares. In this regard about 10,789 hectares of this land was allocated by the state.

Therefore, it becomes apparent that 34 percent or more than one third of the newly started housing units were constructed on UFO allocated land. As these lands were primarily allocated to the low and middle income families it may be concluded that a substantial amount of land was allocated for the housing provision of these income groups.

The total number of housing units which were started to be constructed by the private sector during the stated 10 year period was 1,321,763 units. Out of these 422,864 units or 32 percent were constructed on UFO allocated lands.

The average price of one plot of land which was transferred by the state was 285 thousand Rials during this time. The average price of privately owned land was at the same time 3,388 thousand Rials. In other words the price of government supplied serviced plots was about 8.8 percent of privately owned land.

At the same time, the average price of one square metre of privately owned land on which development was started was about 13 times higher than UFO allocated land.

The effect of the implementation of urban land policies after the 1979 revolution can probably be seen better by comparing the trend of development of the average prices of privately owned land plots prior and after the revolution. In this regard the average price of urban land which had an upward trend from 1974 to 1977 at current prices and from 1974 to 1976 at constant

prices developed a downward trend after 1977. This downward trend lasted until 1980 at current prices, and 1981 at constant prices. The beginning of the downward trend of urban land prices prior to the 1979 revolution may largely attributed to the pre-Revolutionary economic crisis and upheavals which had begun in mid 1977. After 1979, however, the trend of the prices are a direct result of the urban land policies adopted by the new government. From 1980 onward (except in 1985) the trend again became upward at current prices until 1988. At constant prices, however, this upward trend was reversed from 1985. The important point in this regard is that within the period of implementation of the urban land policies and programmes after the 1979 revolution the average price of urban land always kept below the average price in 1976 at constant prices.

In this respect a comparison of the consumer price index for the period 1974 to 1988 which increased from 100 to 974.1 and the privately owned land price index during the same period shows that the process of high increases in urban land prices which occurred during 1974 to 1976 and which were directed by the economic crisis of the pre-revolution conditions were curbed after the 1979 revolution. During the period since 1974 privately owned land prices were at their highest level in 1984 when the index was 207.5 or 107.5 higher than the 1974 figure. However, by 1988 the index reduced significantly to 141.7 which is even lower than the 1976 figure of 170.5. Clearly, therefore, the rate of increase of private land prices has been much lower than the period prior to the revolution and by the end of the studied

period the average price of privately owned land at constant prices had gone even lower than the pre-Revolutionary peak of 1976.

Consequently, it can be concluded that the implementation of the Urban Land Laws in Iran undoubtedly succeeded in controlling the increase of the urban land prices during the examined period of 1979-1988. This gains even more credence when taking into account that the demand for urban land became much higher during that period due to increased rate of natural population growth in comparison to the period of before it in one hand, and the rural-urban migration in the other.

It can, therefore, be concluded that the implementation of urban land policies in Iran in the main achieved their stated objectives. This also supports part A of the hypothesis, that a reduction on the rate of increase of the cost of urban land has actually happened.

B- Greater equity and social justice was achieved by :
preparing the necessary basis for housing each individual family according to its need and with the priority of low income families:

The average price of housing units including the price of land was about 5,669 thousand Rials during the stated 10 year period. The average prices of housing units built on UFO allocated land on the basis of the recommended floor area and housing units

constructed on privately owned land, on the other hand, were about 2,649 and 6,766 thousand Rials respectively. During the same time the annual expenditure of the urban households who were considered as low to middle income groups ranged between 162 to 1,005 thousand Rials. Furthermore, the average annual expenditure of the urban households who were considered as the middle and high income groups ranged between 246 to 1,564 and 506 to 2,732 thousand Rials respectively. The analysis of this research shows that the price of housing units constructed on UFO allocated land was in the main affordable to all income groups including the lowest income households during the period 1979 to 1988.

The average price of housing units built on privately owned land, during the same period, however, was in the main only affordable to high income groups. During 1979, 1982 and 1983 some sections of the middle income groups could also afford such units. However, in the latter years of the period of analysis the price of these housing units were in fact becoming un-affordable even for the highest categories of the income groups as well. This is exemplified by the 1988 prices when even households in the highest income group were on the borderline of affordability. In addition the 1987 prices were only fully affordable to income group 10 or the highest income group who comprised about 6 percent of households in that year.

This research, furthermore, examined the affordability of houses in other scenarios where smaller or larger floor areas than the recommended 75 square metre would be built on UFO allocated land.

In addition, the affordability of very small housing units of 50, 75 and 100 square metres on privately owned land was also ascertained and compared to similar units on UFO allocated land. The analyses showed that even if bigger houses of 100 square metre or even the actual average size housing units in urban areas of the country during the 10 period of 1979 to 1988, which had a range of 132 to 162 square metres from the beginning to the end of the period, were to have been built on UFO allocated land such units would still be much more affordable to the low and particularly middle income groups than similar size units on privately owned land. What is more important for the low and middle income groups however is that a comparison between the affordability of smaller units of 50, 75 and 100 square metres on both UFO allocated and privately owned land showed houses built on the former category of land were much more affordable to the low and middle income groups than those on the latter category.

Generally speaking, therefore, it may be concluded that the result of the analysis of this research clearly supports the hypothesis of this thesis which stated that the implementation of urban land policies in Iran after the 1979 revolution contributed to the provision of affordable housing units for low and middle income households. This in turn means that the implementation of these laws made positive contributions towards greater equity and social justice.

12.3 ADDITIONAL FINDING

In view of the conclusions of this research on the Iranian experience in limiting the ownership of urban land by private individuals and public acquisition and allocation of excess lands the following assertion can be made.

1. The nature of urban land is such that some form of public control over the urban land market is necessary if social requirements, including urban land for low income housing, is to be realised. The comparison of the trend of development of urban land prices prior and after the revolution in Iran and its effects on the affordability of housing units by the lower income groups clearly supports this assertion. In the absence of strict controls and regulations prior to the revolution the urban land market in Iran was characterised by large scale monopolisation and speculative increases in urban land prices particularly between 1974 and 1976. After the 1979 revolution and the enactment of Urban land laws, however, not only was cheap acquired land allocated to about 422,864 households but also the trend of increase of prices of legally permitted privately owned urban land was considerably reduced. This reduction in urban land price increases was to such an extent that by 1988 the adjusted average price of urban land was even lower than the 1976 figure. Moreover, the land price index after the 1979 revolution always kept far below the consumer price index where as it was above it prior to the revolution. The ability of the government to acquire and allocate cheap land, for housing purposes meant that the

price of housing units built on such land was affordable, even to the lowest sectors of middle income groups in the urban areas of the country.

2. This research can indicate that introduction of isolated regulations and changes in the bureaucratic procedures and institutions are not adequate for tackling the urban land problem, particularly with regard to the growing and urgent needs of the urban low income groups. The Iranian experience suggests that politically motivated and socially supported legislators/decision makers have a better chance of affecting the urban land private market for achieving the aforementioned social objectives. A comparison between the Iranian and Indian experiences which have implemented similar legislation with regard to urban land can serve to show the point more clearly.

In this regard while India has probably one of the most developed administrative and legal systems in developing countries it has largely failed to achieve the stated objectives of its urban land Act of 1976. While the Iranian evidence suggests that these objectives, particularly acquisition of vacant urban land and reduction of the rate of increase of urban land prices, was in the main realised during the 10 year period of 1979 to 1988. The reason for these differences must be seen in the fact that in the Iranian case the 1979 revolution created major socio-political changes in the country which not only completely neutralised the influence of large scale land owners in the country but also created major expectations for greater equity from the new

government. As a result the urban land laws were introduced and implemented with adequate clarity of objectives, sufficient government's legal backing, commitment and resolution. This is contrary to the Indian case, where the influence of big land owners, legal loopholes, insufficient commitment by local administrators and the central government all combined to ensure that the Act was failed even in its first stage.

12.4. PROBLEMS IDENTIFIED:

Attempts to limit private ownership of Urban land, and public acquisition of excess land, have always faced many serious problems in numerous developing countries. The main reasons for failure in this objective can be listed as follows:

1. **The political shortcomings:** relating to inadequate government will and commitment to proceed with the implementation of the policies as needed; and to undermine the interest of the few landowning interest groups in favour of the masses.
2. **Administrative and institutional short comings:** concerning the lack of adequate number of trained and committed professionals and institutions, motivated enough to tackle the real issues and problem in a day-to-day struggle.
3. **Legal and legislative short comings:** including the out-dated or loosely defined laws and policies, which often have enough loopholes to leave the way open for the on-going neglects,

misuses and corruption.

4. **Lack of organisational coordination:** relating to contradictory legal and procedural issues, often outstanding between the institutions and officials involved in various departments in charge of land acquisition schemes.

5. **Financial problems:** limiting the capacity of the governments for carrying out the proposed acquisition programs, in terms of payment of compensation, etc.

12.5 RECOMMENDATIONS AND PROSPECT OF FURTHER RESEARCH:

It may be recommended, the success of land acquisition policies in developing countries is subject to adequate political and administrative protectionary measures, which would help to

- i. Weaken the influence of private land owning interest groups,
- ii. Create adequate administrative backup for the implementation of the policy, and to
- iii. Give adequate resolve to the government for closing the loopholes and basing the policy on a sound socio-economic ground, related particularly to specific conditions of each country.

The findings of this thesis further indicate that looking for the specific political formula and legal structure in each country is probably the most important factor in allowing the successful implementation of urban land reforms, aiming to increase the

public control over land and its social function. This is particularly the case in developing countries.

As a result, while the international literature has rightly highlighted various functional factors, e.g., improved cadastral systems, trained professionals and institutions, etc., for the success of such programmes they should also give increased attention to the effects of political and legal structures and the various interest groups on the enactment and implementation of such programmes.

The findings of this thesis also imply that in the absence of a supportive political and legal structure, strengthening the above-mentioned functional factors, has to be combined with creation and strengthening of independent pressure groups and organisations. These can, at least partially, mobilise a popular support necessary for bringing about a positive political response to counter the influence of the powerful land owning interest groups.

Further research, to follow up the issues observed in this work, is also needed. Such a study would be concerned with:

i. Observing the process of implementation of the Urban Land Act and land and its effect on the Urban land market and housing prices after 1988.

ii. Studying mechanism of the land allocation schemes by the ULO,

the level of accessibility of the lower income groups to the government acquired urban lands, the system's ability to meet the demand of these groups for low-income housing. This is also to see whether the ULO continues to be committed to the revolutionary goals of establishing social equality, or is being overwhelmed with bureaucratic shortcomings.

iii. Examining whether the original target groups, such as the low-income employees and urban poor still occupy and reside in their homes, built on the allocated land plots, or have sold and moved out?

An independent study can also be carried out to compare the characteristics, similarities and differences between the Indian and Iranian experiences. To highlight the pitfalls and the level of achievements in each case, would be of great benefits to those governments in the developing world that seek to embark upon such schemes.

12.6 FINAL REMARKS:

The land acquisition and allocation policy and its related legislation has continued unchanged until 1992, when a five year period of permitted acquisition of unutilized (*bayer*) and developed (*dayer*) urban land, by the government, was expired. Public acquisition and allocation of undeveloped (*mavat*) urban land is continued to present day. By 1996, the ULO has acquired all undeveloped inner city urban lands (*mavat*) in excess of

ceiling limits, and will carry on to acquire the same category of lands where they fall within the city limits as they grow. Since 1988 the programme of allocation of land continued by the ULO and many land development schemes is implemented in urban areas of the country.

The real and main beneficiaries of the land allocation scheme, so far, has been the individual homeless households, housing cooperatives of government employees, workers and low-ranking army personnel, who have been the supporters of the revolution from its early days. It is likely that in the coming years, private firms and construction companies get more share of the government's allocated lands for development and public housing.

Allocated lands during the period of study were not still part of the main stream of the private land market of Iran by 1988. Since then, the revolutionary government has established its legitimacy further and thus these plots of land, and their related housing schemes are becoming increasingly integrated in the private land market.

It should be stated that the ULO is still effectively the main responsible body for the implementation of this programme, while by merging with the department of Housing (previously part of the Ministry of Housing & Urban Development) it is on its way to create an even more centralised organisation (called the National Land and Housing Organisation) to deal with the urban land and housing affairs.

APPENDIX 1

Guidance questionnaire for conducting open ended semi-structured interviews during the field work in Iran.

A - The urban land and housing situation prior to the 1979 revolution:

1 - Can you give your opinion with regards to patterns of urban land ownership prior to the 1979 revolution?

1.1 - How do you evaluate the balance between large and small scale land owners at that time?

1.2 - Did this pattern of ownership encourage or discourage monopoly ownership and land speculation in the urban areas? Please give examples.

1.3 - Did the government of the time implement any policies to combat land monopoly and speculation? Please explain, e.g: type of policies, method of implementation and degree of success.

1.4 - How did this pattern of ownership affect the supply of residential land in terms of price and availability of land in the open market?

1.5 - Did the government of the time implement any policies to increase the availability of land and reduce its price for residential purposes? Please explain, e.g: type of policies, method of implementation and degree of success.

1.6 - How did this pattern of ownership affect the supply of land for urban development in terms of price and availability?

1.7 - Did the government of the time implement any policies to increase the availability of land and reduce its price for urban development? Please explain, e.g: type of policies, method of implementation and degree of success.

2 - How did the national development plans address the housing and urban land issues in Iran prior to the 1979 revolution?

2.1 - Were the objectives of the various national development plans in terms of housing provision realised?

2.2 - If not please give your opinion with regard to the reasons?

3 - Did the government of the time have any policies for the provision of low cost housing? Please explain, e.g: type of policies, or projects and degree of success.

3.1 - Were there any regulations for allocating public land, e.g: central or local governments or any other public agencies, for

the provision of low cost housing? Please explain and give examples.

4 - In your opinion what was the focus of the housing policies of the government of the time? I.e: Was it focused on the technical, financial and administrative aspects of housing provision or was it on land issues?

4.1 - What were the reasons for this focus?

4.2 - Are there any other aspects of the housing policies of the government of the time which in your opinion should be discussed here? E.g: taxation policies on housing and urban land.

B - The urban land and housing situation after the 1979 revolution:

5 - What is your general opinion with regard to public intervention in the land market after the 1979 revolution?

5.1 - How do you evaluate the success of the urban land laws after the 1979 revolution in their stated objectives of limiting private ownership of vacant urban land and acquiring the excess land? Please explain.

5.2 - How do you evaluate the success of the above-mentioned urban land laws in allocating land for housing purposes particularly for the low and middle income groups? Please explain.

5.3 - How do you evaluate the success of the above-mentioned urban land laws in allocating land for urban development? Please explain.

5.4 - How do you evaluate the effects of the above-mentioned urban land laws on the general situation of urban land in the private market? Please explain in terms of supply and prices.

5.5 - How do you evaluate the success of the above-mentioned urban land laws in combating urban land speculation and stabilising urban land prices in general and in the private market? Please explain.

5.6 - How do you evaluate the effects of the above-mentioned urban land laws on the general housing situation, particularly those of the low income groups? Please explain in terms of quantity of provision, prices and affordability.

5.7 - How do you evaluate the effects of the above-mentioned urban land laws on the housing situation in the private market. Please explain in terms of quantity of provision, prices and affordability.

6 - How do you evaluate the effects of other measures of the

government with regard to urban land and housing on the general urban land and housing situation in the country? E.g: related taxation measures.

7 - What is your opinion about the sphere of coverage of the above-mentioned land laws? I.e: Should these laws only apply within the legal limit or should they also cover the protected boundary as well?

7.1 - Do you think these laws should be extended to cover rural areas as well as urban areas? Please explain.

8 - What is your opinion about the classification of urban lands and measures for their identification?

8.1 - What is your opinion with regard to the classification of urban lands in to the three categories undeveloped, unutilized and developed? E.g: adequate or inadequate?

8.2 - What is your opinion with regard to the criteria for the above-mentioned classifications?

8.3 - Do you have any suggestions for improvement in this regard? Please explain.

9 - What is your opinion with regard to the size of the ceiling limit on the ownership of urban land? E.g: adequate or inadequate.

9.1 - Do you have any suggestions for improvements in this regard? Please explain.

10 - What is your opinion with regard to the specified time limit for development of undeveloped or unutilized land by the owners? E.g: adequate or inadequate.

10.1 - Do you have any suggestions for improvements in this regard? Please explain.

11 - What is your opinion with regard to the regulations for allocation of land for provision of housing? Please explain with respect to allocation to individual families, housing cooperative and public or private housing developers. E.g: adequate or inadequate.

11.1 - Do you have any suggestions for improvements in this regard? Please explain.

12 - What is your opinion with regard to the regulations for allocation of land for urban development? E.g: adequate or

inadequate.

12.1 - Do you have any suggestions for improvements in this regard? Please explain.

13 - What is your opinion with regard to the regulations for allocation of land for commercial buildings? E.g: adequate or inadequate.

13.1 - Do you have any suggestions for improvements in this regard? Please explain.

14 - Do you have any other comments or suggestions with regard to the issues discussed so far? Please explain.

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